



INDIANA UTILITY REGULATORY COMMISSION

IN THE MATTER OF THE PETITION OF INDIANA)
BELL TELEPHONE COMPANY, INCORPORATED,) CAUSE NO. 41657
D/B/A AMERITECH INDIANA PURSUANT TO)
I.C. 8-1-2-61 FOR A THREE-PHASE PROCESS) ORDER ON PERFORMANCE
FOR COMMISSION REVIEW OF VARIOUS) ASSURANCE PLAN
SUBMISSIONS OF AMERITECH INDIANA TO)
SHOW COMPLIANCE WITH SECTION 271(C) OF) APPROVED: OCT 16 2002
THE TELECOMMUNICATIONS ACT OF 1996)

BY THE COMMISSION:

Camie J. Swanson-Hull, Commissioner
Abby R. Gray, Administrative Law Judge

On February 2, 2000, Indiana Bell Telephone Company, Inc. d/b/a Ameritech Indiana filed the above-captioned application to provide intrastate, interLATA telecommunications services in the state of Indiana.¹ This is a proceeding under Section 271 of the Telecommunications Act of 1996 ("TA-96") to evaluate whether Ameritech Indiana should be allowed to offer the requested services. Section 271 sets the criteria and process by which a Regional Bell Operating Company ("RBOC") such as Ameritech Indiana will be allowed to offer in-region, interLATA services. Ameritech Indiana seeks interLATA entry under 47 U.S.C. Section 271(c)(1)(A), or "Track A" of Section 271. Track A approval requires the BOC to show the following: that it has entered into an interconnection agreement with a facilities-based competitor; that it meets the 14-point competitive checklist in Section 271(c)(2)(B); that it will enter the interLATA market consistent with the terms of Section 272; and that entry is "consistent with the public interest, convenience and necessity."² Ameritech Indiana's application requests the IURC to utilize the following three-phase approach: approve a regional independent third-party test of Ameritech's operations support system ("OSS") and appropriate performance measures (Phase 1); review checklist compliance, including a "draft application", generic interconnection agreement and performance assurance plan (Phase 2); and review final OSS test report and actual performance results (Phase 3). The first phase of this docket addresses the development of OSS performance measures, benchmarks, related business rules and addresses how the OSS performance testing should proceed. The authorization to begin the test was contained in an Order issued in this Cause on March 19, 2001. The test is ongoing.

On October 26, 2000, the Commission noticed a meeting at which several parties participating in this Cause presented performance assurance plans. Plans were presented by Ameritech; Time Warner, McLeodUSA, and AT&T representing a Joint CLEC Proposal; Sprint;

¹ In the Matter of the Petition of Indiana Bell Telephone Company, Incorporated d/b/a Ameritech Indiana Pursuant to I.C. 8-1-2-61 For a Three Phase Process for Commission Review of Various Submission of Ameritech Indiana to Show Compliance with Section 271(c) of the Telecommunications Act of 1996. Cause No. 41657, February 2, 2000.

² Application of Ameritech Michigan Pursuant to Section 271 of the Telecommunications Act of 1934, as amended, To Provide In-Region Inter-LATA Services in Michigan, CC Docket No. 97-137, FCC 97-298 ¶¶ 8, 9 (Aug. 19, 1997) (Ameritech Michigan Order).

and Z-Tel.³ After the presentations, the collaborative met and Mr. Kern distributed a short summary of the meeting to the presiding ALJ and the Ameritech271 ListServe on October 30, 2000. The summary states that the parties agree that there are key, fundamental differences between the various plans and due to these key differences; the collaborative is unable to develop a recommendation for the Commission's consideration.

On November 9, 2000, the presiding officers issued a docket entry distributing to the parties general principles as a set of guidelines that the parties should address as part of their plans and use for generating comments on the other performance assurance plans. The entry stated that all plans would be evaluated primarily on their ability or inability to meet these guidelines. The entry found that after the parties reviewed the guidelines, they could schedule additional collaboratives to discuss a performance assurance plan that meets these general guidelines in anticipation of presenting an agreed-upon plan. The entry stated that if all of the parties did not agree to proceed in this manner, the process recommended by the collaborative in Mr. Kern's October 30, 2000 e-mail would be implemented. The parties were to address and incorporate the guidelines in their filings. Additionally, in the reply comments, each proponent of a plan was directed to specify what modifications to each of the other plans would be required to make those other plans acceptable to the commenting party. The parties were directed to discuss the alternatives and Mr. John Kern notified the Commission on November 16, 2000 the result of those discussions. The notification stated that as directed by the Commission, the collaborative discussed both processes during the November 14 collaborative. Ameritech suggested at least one additional collaborative in order to narrow the issues in dispute. However, CLECs felt that if Ameritech were not willing to move off its position that the Texas Performance Plan be adopted, further collaboration would not be productive. Therefore, the recommendation from the collaborative was for the Commission to establish a procedural schedule consistent with the October 30, 2000 e-mail.

The presiding officers issued a docket entry establishing a schedule to formally consider the various plans. Initial plans were submitted on February 9, 2001 by Ameritech Indiana, the Indiana CLECs and Z-Tel. Reply filings were submitted on March 8, 2001.

The Commission issued its Initial Remedy Plan Order on September 11, 2001. The Parties then requested additional time to negotiate. The Parties notified the presiding officers they were unable to reach agreement. The presiding officers issued subsequent docket entries requesting that the Parties submit redlined versions of a remedy plan adopted in Illinois for Ameritech Illinois and to answer several questions contained in those docket entries. The last comments were filed with the Commission on September 12, 2002.

The Commission, being sufficiently advised in the premises and based upon the applicable law and filings, now finds as follows:

1. Jurisdiction. Due to the unique nature of this proceeding, it is appropriate to describe the Commission's role in determining whether Ameritech Indiana has complied with the market-opening requirements contained in Section 271(c) of TA-96.

³ WorldCom did not make a presentation; however, it appears that WorldCom supports the Joint CLEC proposal, based upon a brief e-mail to Mr. John Kern and the Ameritech271 ListServe (dated October 25). In addition, ASCENT distributed a written set of concerns and recommended principles, which were distributed to the Ameritech271 ListServe on October 19, 2000; ASCENT also did not make a presentation.

The purpose of this Cause is to investigate and determine whether Ameritech Indiana's OSS for wholesale transactions with CLECs operate without discriminatory impact upon the CLECs and provide access to Ameritech Indiana's network. It is important to note that the IURC does not have ultimate decision-making authority concerning whether Ameritech Indiana may provide interLATA services in this state. This responsibility ultimately rests with the Federal Communications Commission ("FCC"). The IURC's role in this proceeding is largely determined by Section 271(d)(2)(b), which requires the FCC to consult with the relevant state commission to verify whether the BOC has one or more approved interconnection agreements with a facilities-based competitor, or a statement of generally available terms and conditions ("SGAT"), and that either the agreements or the SGAT satisfy the 14-point competitive checklist outlined in Section 271(c)(2)(B). As stated in the Ameritech Michigan Order, the FCC has discretion in each 271 proceeding to determine the amount of weight to accord to the state commission's verification of the BOC's compliance with Section 271.⁴

Through its orders concerning past 271 applications, the FCC has effectively developed a significant role for the state commissions in this type of proceeding. Specifically, the state commissions have been delegated an essential role as the creator of the initial record upon which the FCC's review of a BOC's compliance with the Section 271 checklist will be based. Furthermore, "where the state has conducted an exhaustive and rigorous investigation into the BOC's compliance with the checklist, we [the FCC] may give evidence submitted by the state commission substantial weight in making our decision."⁵ With respect to performance assurance plans, the FCC has stated "the existence of a satisfactory performance monitoring and enforcement mechanism is probative evidence that the BOC will continue to meet its 271 obligations after a grant of such authority."⁶

It is obvious that the IURC's investigation into Ameritech Indiana's compliance with Section 271 of TA-96 is not a traditional proceeding, but rather an implementation of Federal law as contemplated in Indiana Law. Indiana Code 8-1-1-3 provides "the Commission shall formulate rules necessary or appropriate to carry out the provisions of the chapter, and shall perform the duties imposed by law upon them [sic]." In I.C. 8-1-1-15, the Legislature specifically recognized that the Commission may promulgate rules necessary to "implement a state or federal statute, rule or regulation." The Commission Order as a result of this docket will not be a final action but a recommendation to the FCC. The IURC's record and evaluation will be reviewed by the FCC; the FCC may give the IURC's record and recommendation in this proceeding whatever deference the FCC deems appropriate. The petition was filed by Ameritech Indiana pursuant to I.C. 8-1-2-61 and Section 271(c) of TA-96.

More specifically, with regard to an appropriate performance assurance plan, Ameritech Indiana is a public utility within the meaning of I.C. 8-1-2-1, and is subject to the jurisdiction and oversight of the Commission. Accordingly, Ameritech Indiana is required to comply with the provisions of Indiana Code relating to public utilities, the provisions of the Indiana Administrative Code governing the operation of the utilities and Commission orders. Indiana Code 8-1-2-4 states, "Every public utility is required to furnish adequate service and facilities."

⁴ Id.

⁵ Application by Bell Atlantic New York for Authorization Under Section 271 of the Communications Act To Provide In-Region, InterLATA Services in the State of New York, CC Docket 99-295, released December 22, 1999 ("Bell Atlantic New York Order")

⁶ Joint Application by BellSouth Corporation, BellSouth Communications, Inc., and BellSouth Long Distance, Inc., for Provision of In-Region, InterLATA services in Georgia and Louisiana, CC Docket 02-35, released May 15, 2002. [additional cites omitted].

Further, I.C. 8-1-2-69 also gives the Commission authority to issue orders regarding quality of service. An appropriately designed performance assurance plan such as that approved herein today, will assist Ameritech Indiana to provide nondiscriminatory wholesale service comparable to its own retail service or its affiliate's service (as applicable) or, where no retail or affiliate analogue exists, to provide CLECs a meaningful opportunity to compete, and impose a monetary disincentive upon Ameritech Indiana if it fails to deliver such nondiscriminatory service or meaningful opportunity to compete. Thus, the performance assurance plan approved herein will provide effective enforcement of Ameritech's service quality duties, and assist CLECs on an on-going basis, to effectively enter and compete in the local telecommunications markets in Ameritech Indiana's service territory in this state.

For all the foregoing reasons, the Commission has jurisdiction over Ameritech Indiana and the subject matter herein.

2. Performance Assurance Plans. Pursuant to TA-96, incumbent providers are required to provide resale, unbundled network elements, and interconnection services in a non-discriminatory manner. However, the RBOCs have the added requirement under Section 271 of TA-96 that prohibits them from providing interLATA telecommunications services until they demonstrate compliance with the market-opening requirements and further demonstrate that their applications are in the public interest. In demonstrating that an application is in the public interest, the RBOCs have relied on wholesale performance assurance plans. The FCC has recognized the value of performance plans in orders issued considering other Section 271 applications. The FCC has indicated that performance assurance plans are important elements of providing strong assurance that markets will remain irreversibly open to competition.

A reasonable and appropriately designed performance assurance plan will encourage Ameritech Indiana to provide nondiscriminatory wholesale service comparable to its own retail service and impose a monetary disincentive on Ameritech Indiana if it fails to deliver that quality of service. This should permit CLECs to enter and compete in the local telecommunications markets in Indiana. All Parties, including Ameritech Indiana, to this Cause agree that there should be a performance assurance plan.

The plan approved herein is designed to provide incentives to Ameritech to reach and maintain compliance with state-approved standards governing its performance toward CLECs; to provide a fair and reasonable framework for compensating individual CLECs that are harmed when Ameritech does not reach and maintain those standards; to help facilitate the development of more robust competition; and to assist the FCC in its public interest analysis.

3. Discussion and Findings. The Commission has extensively reviewed the plans filed in this Cause. The September 11, 2001 Order found that the Z-Tel zone parity remedy plan will not be furthered considered, primarily due to its lack of precedent and the practical difficulty in defining the zones and specifying how seasonal variation will be accommodated. The Order also found that neither the Ameritech nor the CLEC plans, as filed, satisfied the requirements or expectations of this Commission. The Order required the Parties to meet and utilize the Attachment for guidance to devise an acceptable plan. The Parties notified the presiding officers that they were unable to reach an agreement on an appropriate plan.

The goal in ordering the attached plan is to have a Remedy Plan/Performance Assurance Plan that adequately compensates the CLECs for Ameritech's failure to meet the approved

performance standards and sufficiently motivates Ameritech Indiana to end any discriminatory conduct that impedes the development of competition in Indiana.

The Commission finds it in the public interest and consistent with Indiana law and Section 271 of TA 96 for the promotion of competition, consumer choice, and efficiency and productivity to order the implementation of a Commission Performance Assurance Plan as attached to this Order.

IT IS THEREFORE ORDERED BY THE INDIANA UTILITY REGULATORY COMMISSION that:

1. The Performance Assurance Plan attached hereto is hereby approved.
2. This Order shall be effective on and after the date of its approval.

McCARTY, RIPLEY, SWANSON-HULL AND ZIEGNER CONCUR;

HADLEY ABSENT:

APPROVED:

OCT 16 2002

**I hereby certify that the above is a true
and correct copy of the Order as approved.**



Nancy E. Manley
Secretary to the Commission

SBC Ameritech Indiana Performance Assurance and Remedy Plan

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1. INTRODUCTION

This Performance Assurance and Remedy Plan ("Plan") sets forth the terms and conditions under which Indiana Bell Telephone Company, Inc. (d/b/a "Ameritech Indiana" or "Ameritech" or "SBC/Ameritech") will report its (or, where appropriate, its affiliate's(es')) performance toward CLEC(s) for certain performance measures and business rules that have been approved by the IURC and compare that performance to: (1) Ameritech's own performance toward its own retail customers; (2) its affiliate's performance; or (3) predetermined benchmarks, whichever comparison is required by the approved performance measures and business rules or by applicable IURC Orders, Docket Entries, or Rules. This Plan incorporates new change management requirements, as set forth in Appendices attached hereto. Ameritech Indiana is ultimately responsible for the compliance with this Plan by SBC Communications and any other affected SBC/Ameritech affiliate, subsidiary, or business unit. This Plan further provides for enforcement through payments and assessments.

Ameritech shall use a two-tiered enforcement structure for performance measures provided for in this Plan. The approved performance measurement and business rules for use with this Plan are identified in the Performance Measurements Users Guide. The Users Guide, which is also classified as Appendix 1 to this Plan, is incorporated by reference and shall be updated from time to time, consistent with Section 2.3 of this Plan. Appendix 1 classifies the measures categorized as Measurement Type "Tier-1" (payments are made to CLECs) or "Tier-2" (payments are made to the state) categories, which are further disaggregated into the High, Low and Medium groups as those terms are used below.

2. AVAILABILITY, DURATION, AND MODIFICATION OF THE PLAN

2.1 Availability of Plan to CLECs

This Plan is available to CLECs as a stand-alone document, independent of the Section 251/252 interconnection agreement process.

A CLEC wishing to be subject to this Performance Assurance and Remedy Plan, as approved by the IURC, regardless of the form of the payments it receives from SBC/Ameritech, must notify SBC/Ameritech and the IURC, in writing, of its intent to "opt in" to the Plan. If a CLEC desires to receive payment other than by check, it must provide appropriate billing and contact information to SBC/Ameritech. The CLEC's required written notice to the IURC shall be accomplished through submitting the attached opt-in form to the Director of the IURC's Telecommunications Division ("Director"), or the Director's designee(s), and SBC/Ameritech. The CLEC's written

“opt-in” becomes effective 20 calendar days from the date of receipt of said written notice by the Director or the Director’s Designee, and it supersedes any prior Ameritech Indiana remedy or performance assurance provisions (e.g., “APPENDIX PERFORMANCE MEASURES”) previously in effect for that CLEC. The Plan applies prospectively from the effective date of the CLEC’s opt-in. A CLEC’s election to opt into the Plan does not affect any rights or obligations existing prior to the effective date of the opt-in. Tier 1 payments shall begin accruing beginning with the first full calendar month following the effective date of the “opt-in.” Tier 2 payments shall begin accruing beginning with the first full calendar month following the adoption of this plan by the IURC.

This Plan does not affect a LEC’s ability to negotiate, pursuant to 47 U.S.C. § 251 *et seq.*, the terms of an interconnection agreement, or an amendment thereto, containing or reflecting a different remedy plan or performance assurance plan, nor does this Plan affect the obligation to file such an interconnection agreement, or an amendment thereto, with the Commission pursuant to the applicable procedures.

2.2 Duration of the Indiana Performance Assurance and Remedy Plan

The SBC Ameritech Indiana Performance Assurance and Remedy Plan has no fixed termination date. Termination of the Plan shall be at the sole discretion of the IURC.

2.3 Modification of the Performance Assurance and Remedy Plan

2.3.1 Introduction

There will continue to exist forums such as the six-month review collaborative. Nevertheless, the Performance Assurance and Remedy Plan, the performance measures supporting the Plan, the self-effectuating financial payments or assessments associated with the Plan, and changes to the Plan and the performance measures supporting the Plan shall be under the control, oversight, and enforcement of the IURC.

The following guidelines apply to the modification of this Performance Assurance and Remedy Plan:

- The IURC can, on its own motion, or in response to a joint motion or a motion or request from an individual party or entity, make changes to the Plan or the set of approved performance measures
- Any party or parties may propose changes to this Plan or the underlying performance measures (including deletions of existing performance measurements, modifications to existing measurements, and the establishment of new measurements). If the proposed changes apply to Indiana alone, the parties should first attempt to reach agreement on the proposed changes through Indiana-specific negotiations or discussions. If the proposed changes apply on a multi-state basis, the parties should first attempt to reach agreement

through the six-month review process, described below in Section 2.3.2. In either case, if agreement is reached, the parties should file a joint motion with the IURC identifying the agreed-upon proposed changes and requesting approval thereof; if the parties cannot file a joint motion due to lack of agreement, an individual party may notify the Commission and the other parties that it seeks resolution of the dispute(s) under the EDR process, described in Section 7.1.

- No changes to this Plan or the underlying performance measures that may be agreed to between two or more parties are binding in Indiana until approved by the IURC.

2.3.2 Role of the Six-Month Review in the Modification of the Performance Assurance and Remedy Plan, and the Underlying Performance Measures

At least every six months, Ameritech shall meet with interested CLECs, representatives from the IURC and other interested parties (e.g., the OUCC), to determine, at a minimum: (a) whether performance measures should be added, deleted, or modified; (b) whether the applicable benchmark standards should be modified or replaced by parity standards, or vice versa; and (c) whether to move a classification of a measure to High, Medium, Low, Diagnostic, Tier-1, or Tier-2.

The criteria for determining whether to reclassify a measurement shall include, but shall not be limited to, whether the actual volume of data points was lesser or greater than anticipated, whether the service is an advanced or nascent service, or any other indicators that the performance measurement at issue is inaccurate or changed from that reflected in the approved set of Performance measures, set forth as Attachment 1 to this Performance Assurance and Remedy Plan. Criteria for review of performance measures, other than for possible reclassification, shall include, but shall not be limited to, whether there exists an omission of, or failure to capture, intended performance, and whether there is duplication of another measure. Performance measures for 911/E-911 may be examined at any six-month review to determine whether they should be reclassified or otherwise modified. Any proposals made as an outcome of a six-month review to either change this Plan or the underlying performance measures, or to introduce and/or classify new performance measures, shall be by mutual agreement of the parties, if possible, but shall be subject to the approval of the IURC. In the event parties cannot reach mutual agreement, one or more parties may seek dispute resolution under the EDR procedures in this Plan. The current measures and benchmarks will be in effect until modified by the IURC.

3. STATISTICAL METHODOLOGY

3.1 Overview

For parity measurements, Ameritech Indiana will use a statistical test, namely the “Z-test,” for evaluating the difference between two means (Ameritech Indiana retail or its affiliate - whichever is better - and CLEC) or percentages, or the difference between two rates or ratios. Ameritech shall use the Z-tests as outlined below as the statistical tests for the determination of parity when the results for Ameritech Indiana retail or its affiliate (whichever is better) and the CLEC are compared. The Z-tests described in Section 3.2 are applicable to parity measurements if the number of data points is greater than or equal to 30 for a given disaggregation category. In cases where benchmarks are established, the determination of compliance is through a non-statistical test that compares the measured performance delivered to the CLEC and the applicable IURC-approved benchmark. When testing compliance for parity measures for which the number of data points is 29 or less, the permutation tests outlined below in Section 3.3 shall be used. Parity tests and the corresponding sample size requirements are summarized in the following Tables.

Table 1: Tier 1 Parity Test

Sample Size	Test	Non-compliant
$\text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} \geq 30$	Z Tests (3.2)	$\underline{Z}_{\text{CALC}} > \underline{Z}_{\text{CRIT}}$
$\text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} < 30$	Permutation (3.3)	$\underline{Z}_{\text{CALC}} > \underline{Z}_{\text{CRIT}}$

Table 2: Tier 2 Parity Test

Sample Size	Test	Non-compliant
$\text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} \geq 30$	Z Tests (3.2.)	$\underline{Z}_{\text{CALC}} > \underline{Z}_{\text{CRIT}}$
$30 > \text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} \geq 10$	Permutation (3.3)	$\underline{Z}_{\text{CALC}} > \underline{Z}_{\text{CRIT}}$
$10 > \text{Min}\{n_{\text{ILEC}}, n_{\text{CLEC}}\} \geq 1$	No Test	N/A

3.2 Statistical Parity Testing

3.2.1 Compliance Defined

Ameritech's performance on a particular Tier-1 or Tier-2 sub-measure (disaggregated level) or measure (where no approved disaggregations exist) shall be considered in compliance with the parity requirement when: (1) the measured results for both the CLEC(s) and either Ameritech or its affiliate (whichever is better) in a single month (whether in the form of means, percentages or proportions, or ratios) for the same sub-measure, at equivalent disaggregation (or for the same measure, where no approved disaggregations exist), are used to calculate a Z-test statistic, and (2) the resulting Calculated Z value (" Z_{CALC} ") is no greater than the Critical Z-value (" Z_{CRIT} ") as defined below. **In other words, Ameritech's performance is compliant with the parity requirement if and only if $Z_{CALC} \leq Z_{CRIT}$, where Z_{CALC} values for different types of performance measures are calculated as defined below.**

3.2.2 Non-Compliance Defined

Ameritech's performance on a particular Tier-1 or Tier-2 sub-measure (disaggregated level) or measure (where no approved disaggregations exist) shall be considered non-compliant with the parity requirement when (1) the measured results for both the CLEC(s) and either Ameritech or its affiliate (whichever is better) in a single month (whether in the form of means, percentages or proportions, or ratios) for the same sub-measure, at equivalent disaggregation (or for the same measure, where no approved disaggregations exist), are used to calculate a Z-test statistic, and (2) the resulting Calculated Z value (" Z_{CALC} ") is greater than the Critical Z-value (" Z_{CRIT} ") as defined below. **In other words, Ameritech's performance is non-compliant with the parity requirement if and only if $Z_{CALC} > Z_{CRIT}$, where Z_{CALC} values for different types of performance measures are calculated as defined below.**

3.2.3 Z-Test

Type 1 Error: $\alpha = 5\%$

Z-Critical $Z_{CRIT} = 1.645$

3.2.4 Formulas for calculating Z_{CALC}

3.2.4.1 For Measurement results that are expressed as Averages or Means, Ameritech will utilize the following formula:

$$\text{Modified } Z_{\text{CALC}} = (\text{DIFF}) / \sigma_{\text{DIFF}}$$

Where: $\text{DIFF} = M_{\text{ILEC}} - M_{\text{CLEC}}$

$M_{\text{ILEC}} = \text{ILEC Mean}$

$M_{\text{CLEC}} = \text{CLEC Mean}$

$\sigma_{\text{DIFF}} = \text{SQRT} [\sigma^2_{\text{ILEC}} (1 / n_{\text{CLEC}} + 1 / n_{\text{ILEC}})]$

$\sigma^2_{\text{ILEC}} = \text{Calculated variance for ILEC}$

$n_{\text{ILEC}} = \text{number of observations or samples used in ILEC measurement}$

$n_{\text{CLEC}} = \text{number of observations or samples used in CLEC measurement}$

3.2.4.2 *For Measurement results that are expressed as Percentages or Proportions, Ameritech will utilize the following formula:*

Step 1:

$$\rho = \frac{(n_{\text{ILEC}} P_{\text{ILEC}} + n_{\text{CLEC}} P_{\text{CLEC}})}{n_{\text{ILEC}} + n_{\text{CLEC}}}$$

Step 2:

$$\sigma_{P_{\text{ILEC}}-P_{\text{CLEC}}} = \text{SQRT} \{ [\rho (1 - \rho)] / n_{\text{ILEC}} + [\rho (1 - \rho)] / n_{\text{CLEC}} \}$$

Step 3:

$$Z_{\text{CALC}} = (P_{\text{ILEC}} - P_{\text{CLEC}}) / \sigma_{P_{\text{ILEC}}-P_{\text{CLEC}}}$$

Where: $n = \text{number of observations}$

$P = \text{Percentage or Proportion}$

3.2.4.3 *For Measurement results that are expressed as Rates or Ratios, Ameritech will utilize the following formula:*

$$Z_{\text{CALC}} = (\text{DIFF}) / \sigma_{\text{DIFF}}$$

Where: $\text{DIFF} = R_{\text{ILEC}} - R_{\text{CLEC}}$

$R_{\text{ILEC}} = \text{numerator}_{\text{ILEC}} / \text{denominator}_{\text{ILEC}}$

$R_{\text{CLEC}} = \text{numerator}_{\text{CLEC}} / \text{denominator}_{\text{CLEC}}$

$\sigma_{\text{DIFF}} = \text{SQRT} \{ [(\text{numerator}_{\text{CLEC}} + \text{numerator}_{\text{ILEC}}) / (\text{denominator}_{\text{CLEC}} + \text{denominator}_{\text{ILEC}})] * (1 / \text{denominator}_{\text{CLEC}} + 1 / \text{denominator}_{\text{ILEC}}) \}$

3.2.4.4 Order of Calculation

In calculating the difference between the performances, the formulas defined above apply when a larger CLEC value indicates a higher quality of performance. In cases where a smaller CLEC value indicates a higher quality of performance, the order of subtraction should be reversed (i.e., $M_{CLEC} - M_{ILEC}$, $P_{CLEC} - P_{ILEC}$, $R_{CLEC} - R_{ILEC}$).

3.3 Small Sample Parity Test

For parity tests with less than 30 observations, Ameritech shall, in most circumstances, use the permutation tests outlined below. In the limited circumstances where Ameritech does not have access to the underlying transaction-by-transaction data required for the permutation test, Ameritech shall apply the Z test as described in Sections 3.3.3 and 3.3.4.

3.3.1 Compliance Defined

Ameritech's performance is compliant with the parity requirement if the Calculated-Z value (" Z_{CALC} ") is no greater than the Critical Z-value (" Z_{CRIT} ") as defined below. **In other words, Ameritech's performance is compliant with the small sample parity requirement if and only if (permutation) $Z_{CALC} \leq Z_{CRIT}$, where permutation Z_{CALC} values for different types of performance measurements are calculated as defined below.**

3.3.2 Non-Compliance Defined

Ameritech's performance is non-compliant with the parity requirement if the Calculated-Z value (" Z_{CALC} ") is greater than the Critical Z-value (" Z_{CRIT} ") as defined below. **In other words, Ameritech's performance is non-compliant with the small sample parity requirement if and only if (permutation) $Z_{CALC} > Z_{CRIT}$, where permutation Z_{CALC} values for different types of performance measurements are calculated as defined below.**

3.3.3 Permutation Tests

Type 1 Error: $\alpha = 5\%$

Z-Critical $Z_{CRIT} = 1.645$

3.3.4 Formulas for Calculating Permutation Z_{CALC}

3.3.4.1 For Measurement results expressed as Percentages:

The Fisher Exact Permutation Test will be used.

3.3.4.2 For Measurement results expressed as Averages and Ratios, a Permutation analysis will be applied to calculate the Z-statistic using the following logic:

- (1) Choose a sufficiently large number T.
- (2) Pool and mix the CLEC and ILEC data sets.
- (3) Randomly subdivide the pooled data sets into two pools, one the same size as the original CLEC data set (n_{CLEC}) and one reflecting the remaining data points, (which is equal to the size of the original ILEC data set, or n_{ILEC}).
- (4) Compute and store the Z-test score (Z_S) for this sample.
- (5) Repeat steps 3 and 4 for the remaining T-1 sample pairs to be analyzed. (If the number of possibilities is less than 1 million, include a programmatic check to prevent drawing the same pair of samples more than once).
- (6) Order the Z_S results computed and stored in step 4 from lowest to highest.
- (7) Compute the Z-test score for the original two data sets and find its rank in the ordering determined in step 6.
- (8) To calculate P, divide the rank of the Z-test score as determined in step 7 by the number of total runs executed. ($P = \text{rank} / T$).
- (9) Using a cumulative standard normal distribution table, find the value Z_A such that the probability (or cumulative area under the standard normal curve) is equal to P calculated in step 8.

Compare the calculated Z value (" Z_{CALC} ") with the critical Z value (" Z_{CRIT} "). If (permutation) $Z_{CALC} > Z_{CRIT}$, then the performance is non-compliant.

3.3.4.3 Order of Calculation

In calculating the difference between the performances in Step (4), the formulas defined above apply when a larger CLEC value indicates a higher quality of performance. In cases where a smaller CLEC value indicates a higher quality of performance, the order of subtraction should be reversed. (i.e., $M_{CLEC} - M_{ILEC}$, $P_{CLEC} - P_{ILEC}$, and $R_{CLEC} - R_{ILEC}$).

3.3.5 Statistical Support for the IURC Staff

CLECs and/or Ameritech shall provide software and technical support as needed or requested by IURC Staff or its designated representative(s) for purposes of utilizing the permutation analysis. Any CLEC that opts into this plan agrees to share in providing such support to IURC Staff, as needed or requested by the IURC staff or its designated representative(s).

4. NON-STATISTICAL BENCHMARK TESTING

4.1 Overview

For measurements that are classified as “benchmark measurements”, Ameritech shall use a non-statistical methodology for evaluating whether it has met the benchmark. Therefore, the Critical Z-value (“ Z_{CRIT} ”) for the benchmark comparison between the required benchmark and the actual performance of Ameritech or its affiliate (whichever is better) shall be zero ($Z_{CRIT} = 0$). Benchmark tests and the corresponding sample size requirements are summarized in the following Tables.

Table 3: Tier 1 Benchmark Test

Sample Size	Test	Non-compliant
$n_{CLEC} \geq 1$	Non-Statistical Test (Section 4)	$\underline{Z_{CALC}} > \underline{Z_{CRIT}}$

Table 4: Tier 2 Benchmark Test

Sample Size	Test	Non-compliant
$n_{CLEC} \geq 10$	Non-Statistical Test (Section 4)	$\underline{Z_{CALC}} > \underline{Z_{CRIT}}$
$n_{CLEC} < 10$	No Test	N/A

4.2 Compliance Defined

Ameritech Indiana’s performance on a particular Tier-1 or Tier-2 sub-measurement (disaggregated level) or measurement (where no approved disaggregations exist) shall be considered in compliance with the benchmark requirement when (1) the measured results of Ameritech Indiana’s or its affiliate’s performance (whichever is better) in a single month (whether in the form of means, percentages, or proportions) for the same sub-measurement, at equivalent disaggregation (or for the same measurement, where no approved disaggregations exist), are used to calculate a Z-value (“ Z_{CALC} ”), and (2) the resulting Calculated Z value (“ Z_{CALC} ”) is no greater than the critical Z-value (“ Z_{CRIT} ”) as defined below. **In other words, Ameritech’s performance is compliant with the benchmark requirement if and only if $\underline{Z_{CALC}} \leq \underline{Z_{CRIT}}$, where Z_{CALC} values for different types of performance measurements are calculated as defined below.**

4.3 Non-Compliance Defined

Ameritech's performance on a particular sub-measurement (disaggregated level) or measurement (where no approved disaggregations exist) shall be considered non-compliant with the benchmark requirement when (1) the measured results of Ameritech's or its affiliate's performance (whichever is better) in a single month (whether in the form of means or percentages) for the same sub-measurement, at equivalent disaggregation (or for the same measurement, where no approved disaggregations exist), are used to calculate a Z-value ("Z_{CALC}"), and (2) the resulting Calculated Z value ("Z_{CALC}") is greater than the critical Z-value ("Z_{CRIT}") as defined below. **In other words, Ameritech's performance is non-compliant with the benchmark requirement if and only if $Z_{CALC} > Z_{CRIT}$, where Z_{CALC} values for different types of performance measurements are calculated as defined below.**

4.4 Z-Test

$$\text{Z-Critical} \quad \underline{Z_{CRIT} = 0}$$

4.5 Formulas for calculating Z_{CALC}

4.5.1 *For Measurement results that are expressed as averages or mean:*

$$\text{Benchmark } Z = B - M_{CLEC},$$

Where:

B = Benchmark [Expressed as a mean]

M_{CLEC} = Ameritech's actual performance toward a CLEC(s) [Expressed as a Mean]

4.5.2 *For Measurement results that are expressed as percentages or proportions:*

$$\text{Benchmark } Z = 100(B - P_{CLEC})$$

Where:

B = Benchmark [Expressed as a percentage or proportion]

P_{CLEC} = Ameritech's actual performance toward a CLEC(s) [Expressed as a Percentage or Proportion]

4.5.3 *For Measurement results that are expressed as rates or ratios:*

$$\text{Benchmark } Z = 100(B - R_{CLEC})$$

Where:

B = Benchmark [Expressed as a rate or ratio]

R_{CLEC} = Ameritech's actual performance toward a CLEC(s) [Expressed as a Rate or Ratio]

4.5.4 Order of Calculation

In calculating the difference between the performances, the formulas above apply when a larger CLEC value indicates a higher quality of performance. In cases where a smaller CLEC value indicates a higher quality of performance, the order of subtraction should be reversed (i.e., $M_{\text{CLEC}}-B$, $P_{\text{CLEC}}-B$, and $R_{\text{CLEC}}-B$).

5. OVERVIEW OF ENFORCEMENT STRUCTURE

5.1 Payment and Assessment Structures for Tier 1 and Tier 2

5.1.1 Methodology

The following methodology shall be used for developing the payment and assessment structure for Tier 1 and Tier 2:

5.1.1.1 Payments

Tier-1 Payments are applicable to Tier-1 measurements identified as High, Medium, or Low in Appendix 1, and are payable to individual CLECs.

5.1.1.2 Assessments

Tier-2 Assessments are applicable to Tier-2 measures identified as "High, Medium, or Low" in Appendix 1, and are payable to the State of Indiana.

5.2 Other Payment and Assessment Structures

5.2.1 Methodology

The following methodology shall be used for developing other payment and assessment structures:

5.2.1.1 Missing or Incomplete Reports

General Assessments are applicable to missing or incomplete reports on performance results or payment/assessment amounts owed or paid (See Section 10 for details).

5.2.1.2 Third and Subsequent Recalculations and/or Restatements

Additional assessments for third and subsequent recalculations and/or restatements are applicable to Tier-2 measures identified as “High, Medium, or Low” in Appendix 1, and are payable to the State of Indiana (See Section 14.5 for details)..

5.2.1.3 Additional Assessments for Advanced and Nascent Products and Services

Additional assessments for advanced and nascent products and services are applicable to Qualifying Measurements and Qualifying Ordering Categories (see Section 12 for details).

5.3 Form of Payment

Within 30 calendar days following the reporting of one or more failed performance measurements or submeasurements or other instances of noncompliance with this Plan for which payment is required, SBC/Ameritech shall pay individual CLECs that have opted into this Plan or the State of Indiana, in full, according to the terms set forth in this Plan. Such payment to the State of Indiana will be in the form of a check. Such payment to a CLEC will be in the form of a check, unless the CLEC specifically requests a different form of payment. Tier 1 or other payments to an individual CLEC and Tier 2 or other assessments to the State of Indiana, shall be traceable to the applicable reported performance results, and to the specific underlying poor performance [see Sections 14.4 and 14.9 for more details].

Each CLEC shall get a single monthly statement that shows the total Tier-1 (and other) amounts for that CLEC both amounts owed and amounts paid) that are measurable under the approved performance measurements or otherwise required under this Plan. The amounts shall be reported both in the aggregate and separately for each of that CLEC’s subsidiaries, affiliates, or business units that initiated billable transactions with SBC/Ameritech for the month in question. This will require the CLEC and SBC/Ameritech to work together to identify the subsidiaries, affiliates, or business units for that CLEC, as well as the applicable billing codes or other identifiers. The requirement that the form of payment be traceable to the specific underlying poor performance may necessitate a root cause or gap closure analysis. Any such root cause or gap closure analysis shall be conducted consistent with Section 13 of this Plan. Interest on any payments or assessments due and owing shall commence on the 31st day of non-payment, at an annual interest rate of eight percent.¹

¹ See IC 24-4.6-1-101.

6. PROCEDURAL SAFEGUARDS AND EXCLUSIONS

6.1 Non-Foreclosure of Other Claims and Remedies

The payments made or credits issued as provided for herein are not intended to foreclose other contractual, non-contractual, legal, and regulatory claims and remedies that may be available to a CLEC. Consistent with Section 2.1, the existence of this Plan does not foreclose the right of a CLEC to negotiate a different remedy or performance assurance plan with SBC/Ameritech for Indiana.

6.2 Non-Admission of Liability

Any payments or assessments made pursuant to the Plan will not be considered as an admission against interest or an admission of liability. However, Ameritech's conduct as measured by the approved performance measurements; and the data and performance results - collected or required to be collected, stored or required to be stored, and reported or required to be reported pursuant to this Plan - are admissible before the IURC. Consistent with the IURC's procedural rules, a party may petition the IURC for confidential treatment of any filing.

7. EXCLUSIONS LIMITED

7.1 General Provisions

Ameritech shall not be obligated to pay for noncompliance with a performance measurement, if, but only to the extent that, such noncompliance is the direct result of an "act of God" as agreed to by the affected CLEC. Ameritech shall not be excused from making Tier 1 payments or Tier 2 assessments under this Plan on any other grounds, except by application of the procedures set forth in this Section 7.1 or in Section 7.3.1, below. This section 7.1 relates only to the obligation of Ameritech to make Tier-1 payments and Tier-2 Assessments and does not affect or excuse Ameritech's obligations for other types of payments or assessments under certain provisions of this Plan, nor does it affect Ameritech's obligations under Sections 14 ("Audits") or 15 ("Data and Reporting Requirements"), below.

In all such instances in which Ameritech asserts that its non-compliance is the direct result of an "act of God," Ameritech shall bear the burden of proof in showing that an "act of God" did, in fact, occur, and that the noncompliance could not have been avoided by Ameritech applying best practices and utilizing reasonable diligence. In such instances in which Ameritech and a CLEC are unable to reach agreement as to whether the noncompliance at issue was the direct result of an "act of God", either party may file with the Commission, pursuant to the EDR procedures established in Section 7.3 herein, for Commission determination of the disputed issue(s). Alternatively, if the parties consent, they may resolve the dispute through commercial arbitration with the American

Arbitration Association (“AAA”). Ameritech shall have the burden of proof in any such proceeding before the IURC or the AAA to demonstrate that its noncompliance with the performance measurement should be excused because it was the direct result of an “act of God” and shall also bear the burden of proof to demonstrate the existence, nature, and duration of the asserted “act of God” and its impact on the non-compliant performance in question. Ameritech shall provide complete, accurate, detailed, and timely information supporting its contentions and assertions. An “act of God” may temporarily limit Ameritech’s ability to timely perform an activity subject to performance measurement; the determination of the existence, nature, and/or duration of an “act of God” may temporarily suspend Ameritech’s financial obligations under this Plan. The “act of God” and the determination thereof cannot and do not permanently suspend Ameritech’s obligation to perform that activity. The applicable time frame in which Ameritech’s compliance or noncompliance with the parity or benchmark criterion is measured shall, if agreed to by the arbitrator or approved by the IURC, be extended on an hour-for-hour or day-for-day basis, as applicable; the length of the extension shall be equal to the duration of the act of God.

7.2 Procedural Triggers

7.2.1 Annual Triggers

There is an aggregate annual procedural trigger of 36% of Ameritech’s net return, which serves as a trigger for certain potential events, as described below, but does not act as a ceiling on any payments or assessments made by Ameritech pursuant to any provision of this Plan. As used in this Plan, Ameritech Indiana’s net return figure shall reflect both interstate and intrastate revenue derived from local exchange service and shall, in the context of this Plan, be developed by combining the interstate Net Return amount currently shown in Row 1915 of Table 1 in the FCC ARMIS 43-01 report with a computed or calculated net intrastate return amount. The annual procedural trigger amount will be determined by the IURC, pursuant to a docket commenced each calendar year, based on the formula of 36% of Ameritech’s net return as is set forth at ¶ 436 and footnote 1332 of the FCC’s December 22, 1999, Memorandum Opinion and Order in CC Docket No. 99-295.² The annual procedural trigger shall be re-calculated on or after the first business day of the calendar year that updated ARMIS data is made publicly available. Once it has been determined, the annual procedural trigger shall be applied from the beginning of the applicable calendar year but shall not be applied to any time period prior to the approval of this Plan. The ARMIS data, together with a more detailed explanation of how the intrastate and total net return figures are calculated, appear at Appendix 6-B of this Plan.

Payment or assessment amounts that were excused, due to a determination by the IURC or a commercial arbitrator of an act of God, or are held in escrow under the provisions of Section 7.1, shall not be considered in determining whether Ameritech’s

² *Application by Bell Atlantic New York for Authorization Under Sect. 271 of the Communications Act To Provide In-Region, InterLATA Services in the State of New York*, CC Docket 99-295 (FCC 99-404, rel. Dec. 22, 1999), Para.436 & n. 1332 [hereinafter, *Bell Atlantic New York Order*].

payment and assessment amounts owed have met or exceeded the annual or monthly procedural trigger(s).

7.2.2 Monthly Triggers

Once the IURC has established the annual procedural trigger for a given year, an aggregate monthly procedural trigger will be determined by dividing the amount of the annual procedural trigger by six (annual procedural trigger ÷ 6). The monthly procedural trigger serves as a trigger for certain potential events, as described below, but does not act as a ceiling on the aggregate monthly payments made by Ameritech. Unless otherwise determined by the IURC, the monthly procedural trigger may only be revised as a result of the recalculation of the annual procedural trigger.

7.3 Expedited Dispute Resolution (“EDR”) Proceedings

All references to Expedited Disputed Resolution (“EDR”) process in this Plan refer to the procedures set forth in this section. The EDR process constitute the sole means of resolving disputes arising out of this Plan, except where third party arbitration is specifically provided for herein.

Unless otherwise stated, all references to “days” are to “business days.” Business days are those days in which the Commission is open for regular business operations.

1. All documents and notices shall be posted, in electronic form, to the Commission’s Ameritech 271 distribution list (Ameritech271@urc.state.in.us <mailto:Ameritech271@urc.state.in.us>).

2. The existence of this expedited dispute resolution procedure presupposes that the parties will have first attempted to resolve the affected dispute(s) through negotiation and, with input from the IURC Staff and, as appropriate, third party auditors.

3. A party may submit an issue(s) to the administrative law judge for expedited dispute resolution, consistent with the procedures outlined herein. Any party to the Plan may request that an issue be brought for resolution after reasonable efforts at settlement have failed.

4. (Day 0) A party shall notify the administrative law judge that it intends to seek expedited informal dispute resolution by sending an email to the Ameritech271 distribution list (the “original notice”). Such original notice shall also notify the administrative law judge whether the settlement discussions reached agreement on the use of this dispute resolution process.

5. (Days 1 - 5) The party providing notice shall prepare a summary of the issue(s) and its desired outcome(s) with any supporting information. Any other party may also prepare a summary(ies) of its position(s) and any applicable supporting information. Summaries shall be limited to no more than five pages in length; supporting documentation shall be limited to no more than 10 pages in length. The summaries and supporting documentation described in this paragraph shall be posted to the Indiana

Ameritech271 distribution list within five business days after the day on which the notice is posted.

6. (Days 1 - 3) All parties, other than the party providing the original notice, shall notify the presiding ALJ (via e-mail to the Ameritech271 distribution list) of whether they intend to submit a summary and supporting documentation within three business days of the day on which the original notice is posted.

7. (Days 6 - 8, inclusive) Any party may post a reply memorandum to the Ameritech271 distribution list within six to eight business days of the day on which the original notice is posted. Reply memoranda shall be limited to no more than 10 pages in length.

8. (Days 9 - 11) The administrative law judge will issue a decision within three business days after reply memoranda are due.

9. (Days 12 - 14) Any party may seek review of the decision of the administrative law judge by submitting a notice to the Commission within three business days of the decision. The party seeking to commence the review will also send its notice to the Indiana Ameritech271 distribution list on the same day on which the notice is formally submitted to the Commission.

10. (Days 12 - 16) The administrative law judge will forward a complete copy of the record on which she/he relied in reaching her/his decision to the Commission within three business days of receiving the notice requesting review. The presiding ALJ will notify the Ameritech271 distribution list of her/his actions on the same calendar day she/he provides the record to the Commission.

11. (Days 17 - 21) The Commission shall issue a decision within five business days after the day on which the presiding ALJ forwarded the record on which she relied in reaching her decision. This decision will be final.

The parties, after mutual agreement, may propose alternative procedures and shall request leave from the administrative law judge or the Commission to operate under such alternative procedures.

7.3.1 Ameritech-Initiated EDR Proceedings

Whenever Ameritech makes Tier 1 payments to an individual CLEC in a given month that exceed 12.5% of the monthly procedural trigger, or the aggregate Tier 1 payments to all CLECs in a given month exceed the monthly procedural trigger, then Ameritech may commence a proceeding before the IURC to seek relief of the obligation to make Tier-1 payments in excess of the per-CLEC amount identified above or the monthly procedural trigger, as applicable. Upon timely commencement of the proceeding, Ameritech must pay the balance of monies owed in excess of the trigger amount into an interest-bearing escrow, to be held by a third party pending the outcome of the proceeding. To invoke these escrow provisions, Ameritech must petition the IURC for relief, not later than the due date of the affected payments, and demonstrate why it

should not be required to pay any amount in excess of the per-CLEC amount identified above or the monthly procedural trigger. Ameritech's petition shall be in the nature of a request for expedited dispute resolution under this paragraph, pursuant to the EDR procedures set forth herein. Ameritech will have the burden of proof to demonstrate why, under the circumstances, it should not be required to make payments in excess of the applicable per-CLEC amount or the monthly procedural trigger amount.

7.3.2 CLEC-Initiated EDR Proceedings

Whenever Ameritech reports non-compliant Tier-1 performance to a CLEC for three consecutive months on 20% or more of the measurements reported to that CLEC, but Ameritech has incurred no more than 4.2% of the monthly procedural trigger for Tier-1 payment obligations to that CLEC for that period under this Plan, then that CLEC may commence an expedited dispute resolution request under this paragraph pursuant to the EDR procedures set forth herein. The individual measurements contained in the set of measurements on which Ameritech exhibited non-compliant performance need not be the same measurements in each of the three consecutive months. However, the 20% trigger must be met in each of the three months. In any such proceeding the CLEC will have the burden of proof to demonstrate why, under the circumstances, Ameritech should be required to make additional Tier-1 payments in excess of the amount that triggered the CLEC's EDR request under this Plan. Additionally, the CLEC shall hold the burden of proof in such a CLEC-initiated EDR proceeding to demonstrate the appropriate amount of payments in excess of the amount already paid.

7.3.3 Expedited Resolution of Disputes: Limitations on

The IURC shall have discretion to assign and award attorneys' fees, under the EDR proceedings described herein.

7.4 IURC-Initiated Review of Aggregate Payment and Assessment Amounts

In the event that the aggregate total of Tier 1 payments and Tier 2 Assessments reaches the annual procedural trigger within the first nine months of a given year, the Commission shall commence an expedited investigation to determine whether further payments or assessments are appropriate; whether the payment and/or assessment amounts should be modified under the particular circumstances; why Ameritech's performance was substandard; and any other issues raised by the Commission.

7.5 Treatment of Disputed Monies

Whenever commercial arbitration is sought or Commission proceedings are initiated by any party, or by the Commission, Ameritech shall deposit any payments or assessments in dispute into an interest-bearing escrow, to be held by a neutral third party(ies). In resolving the dispute, the deciding body, whether an arbitrator or the IURC, shall award the funds, as well as the interest, held in escrow.

8. TIER 1 PAYMENTS PAYABLE TO CLECs

Tier 1 payments, payable to a CLEC that has opted into this Plan, apply to measurements designated in Appendix 1 as High, Medium, or Low for a Measurement Type of “Tier 1” when Ameritech or its affiliate delivers non-compliant performance as defined in Sections 3.2.2, 3.3.2, and 4.3 above.

8.1 Payment Amounts and Additional Payments for Chronic Non-Compliance (Duration)

Tier 1 payments apply to all “non-compliant” Tier-1 sub-measurements (or measurements, if there are no approved disaggregations). Payment amounts (including additional amounts for chronic non-compliance) are calculated on either a per-occurrence or a per-measurement basis and are specified in one of the tables below. The categorization of performance measurements, including all associated submeasurements, as “per occurrence” or “per measurement” is shown at Appendix 3

8.1.1 Per-Occurrence Payments

Per-occurrence payments are calculated using the amount per occurrence taken from the table below, based on the designation of the measurements as High, Medium, or Low in Appendix 1 and the number of consecutive months for which Ameritech or its affiliate has reported noncompliance or compliance for the sub-measurement (or measurement, if there are no approved disaggregations). For those Tier 1 measurements listed in Appendix 3 as “Measurements that are subject to per occurrence payments or assessments *with a cap*”, the amount of payments in a single month for a disaggregation category (or measurement, if there are no approved disaggregations) shall not exceed the amount listed in the table in Section 8.1.2.1 for the “Per Measurement” category. The methodology for determining the number of occurrences is addressed in “Methods of Calculating the Tier-1 Payment and Tier-2 Assessment Amounts” below.

8.1.1.1 Initial Tier-1 Payment Levels and Duration Escalation Mechanism for Per-Occurrence Measurements

PAYMENT TABLE FOR TIER 1 MEASUREMENTS (PER OCCURRENCE)

<u>Per occurrence Measure- ment Group</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7 and each following month</u>
<u>High</u>	\$300	\$500	\$1000	\$1200	\$1400	\$1600	Add \$500 to

							previous month's total
<u>Medium</u>	\$150	\$300	\$600	\$800	\$1000	\$1200	Add \$400 to previous month's total
<u>Low</u>	\$50	\$100	\$200	\$400	\$600	\$800	Add \$300 to previous month's total

8.1.2 Per-Measurement Payments

For those measurements listed in Appendix 3 as "Measurements that are subject to per measurement payments or assessments," payments are calculated on a per disaggregation category basis, at the amounts set forth in table below.

8.1.2.1 Initial Tier-1 Payment Levels and Duration Escalation Mechanism for Per-Measurement/Cap Measurement Group

PAYMENT TABLE FOR TIER 1 MEASUREMENTS (PER MEASUREMENT)

<u>Per Measure- ment/Cap* Measurement Group</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7 and each following month</u>
<u>High</u>	\$50,000	\$100,000	\$150,000	\$200,000	\$250,000	\$300,000	Add \$100,000 to previous month's total
<u>Medium</u>	\$20,000	\$40,000	\$60,000	\$80,000	\$100,000	\$120,000	Add \$50,000 to previous month's total
<u>Low</u>	\$10,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	Add \$25,000 to previous

							month's total
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* For per occurrence with cap measurements, the occurrence value is taken from the per-occurrence table above, subject to the per-measurement-with cap-amount.

8.1.3 Step-Up/Step-Down and Escalation/De-escalation Table of Payments for Tier-1 Measurements

The following table defines how Tier-1 payments will increase or decrease as Ameritech Indiana's performance is found to be compliant or non-compliant.

Previous Month performance	This month performance	Payment change
Compliant	Compliant	No change if at base level, decrement one level if not at base
Compliant	Non-compliant	Increment one level
Non-compliant	Compliant	Remain at current level
Non-compliant	Non-compliant	Increment one level

The most current aggregate Tier-1 performance results for a given month shall be applied in determining compliance and non-compliance for the purposes of implementing this Escalation/De-Escalation Table. Thus, when recalculated Tier-1 performance results exist, they should be used. When no recalculated Tier-1 performance results exist, the initially stated results should be used.

9. TIER 2 ASSESSMENTS PAID TO THE STATE OF INDIANA

Tier 2 assessments payable to the State of Indiana apply to measurements designated in Appendix 1 as High, Medium, or Low for a Measurement Type of Tier 2 when Ameritech or its affiliate delivers non-compliant performance as defined in Sections 3.2.2, 3.3.2, and 4.3 above.

9.1 Assessment Amounts

Tier 2 assessments apply to all "non-compliant" performance for particular Tier-2 submeasurements (or measurements if there are no approved disaggregations for the affected measurements). Assessment amounts are calculated on either a per-occurrence or a per-measurement basis and are specified in one of the tables below. The categorization of performance measurements, including all associated submeasurements, as per occurrence or per measurement is shown at Appendix 3.

9.1.1 Per-Occurrence Assessments

Per-occurrence Assessments are calculated using the amount per occurrence taken from the table below. For those measurements where a per occurrence assessment applies, an Assessment as specified in the Assessment Table for Tier-2 Measurements for each occurrence is payable to the State of Indiana for each submeasurement (or for each measurement, when no approved disaggregations or submeasurements exist) for which the Calculated Z-value (Z_{CALC}) exceeds the Critical Z-value (Z_{CRIT}), shown in the table below, for three consecutive months. For those Tier 2 measurements listed in Appendix 3 as measurements subject to per occurrence assessments with a cap, an assessment as shown in the Assessment Table for Tier 2 Measurements below for each occurrence with the applicable cap is payable to the State of Indiana for each sub-measurement (or for each measurement, when no approved disaggregations or submeasurements exist) for which Z_{CALC} exceeds Z_{CRIT} for three consecutive months (The individual per-occurrence assessments appear in the “Per Occurrence” table, shown in this section; the caps appear in the “Per Measure/Cap Measurement Group table, shown under Section 9.1.2). The methodology for determining the number of occurrences is addressed in Section 9.1.1.1, “Minimum Number of Occurrences,” below. The critical Z-value is defined in Sections 3.2.3 for parity measures and 4.4/ for benchmark measures above; the calculation methodology is described further in Sections 3.2.4 and 4.5, respectively.

ASSESSMENT TABLE FOR TIER-2 MEASUREMENTS

Per occurrence Measurement Group	
<u>High</u>	\$1000
<u>Medium</u>	\$600
<u>Low</u>	\$400

9.1.1.1 Minimum Number of Occurrences

Specifically, if the Calculated Z-test value (Z_{CALC}) is greater than the Critical Z (Z_{CRIT}), the performance for the reporting category is out of parity or out of compliance with the benchmark. Assessments will be paid when the aggregate of all CLECs has at least 10 Tier-2 observations for parity measures and all associated submeasurements and at least 10 Tier-2 observations for benchmark measurements and all associated submeasurements.

9.1.2 Per-Measurement Assessments

For those Tier 2 measurements listed in Appendix 3 as subject to a per measurement assessment, an assessment amount as shown in the following Assessment Table is payable to the State of Indiana for each sub-measurement (or for each measurement, when no approved disaggregations or submeasurements exist) for which the Calculated Z-value exceeds the Critical Z-value, for three consecutive months.

ASSESSMENT TABLE FOR TIER-2 MEASUREMENTS

Per Measure/Cap* Measurement Group	
<u>High</u>	\$150,000
<u>Medium</u>	\$60,000
<u>Low</u>	\$40,000

* For Tier 2 per-occurrence-with-cap-measurements, the occurrence value is taken from the per occurrence table (See Section 9.1.1 above), subject to the per-measurement-with-cap amount.

10. GENERAL PROVISIONS

10.1 Failure To Report Performance Results or Payment/Assessment Amounts

- If Ameritech fails to report complete performance results or payment/assessment amounts owed by the 20th day of the month following the affected actual performance, the following general assessments apply unless excused for good cause by the IURC: If no such result or amount reports are posted for a particular performance measurement(s) or submeasurement(s), at least \$5,000 per day past due, payable to the State of Indiana and subject to the following qualifications. If the number of reports not filed or posted is more than 10, the applicable general assessments shall be increased by \$1000, for each increment of 10 missing reports, per day past due, subject to the cap (including the sunset date) below;
- If incomplete result or amount reports are posted for a particular performance measurement(s) or submeasurement(s), at least \$1,000 per day past due, payable to the State of Indiana and subject to the following qualifications. If the number of incomplete reports filed or posted is more than 10, the applicable general assessments shall be increased by \$500, for each increment of 10 incomplete reports, per day past due, subject to the cap (including the sunset date) below.
- For the first six months after the effective date of the Plan, payments to the State of Indiana for missing or incomplete result or amount reports shall be capped at \$100,000 per month. This cap shall not apply to any other triggers or caps in the Plan.

- If at the end of the first six-month period following the effective date of this Plan, SBC Ameritech has not significantly reduced the number, frequency, and duration of its missing or incomplete result or amount reports, the \$100,000 per-month cap shall be removed.

The additional assessments in this section are not subject to the annual, monthly, or per-CLEC procedural triggers.

10.2 Payment Schedule

When Ameritech performance creates an obligation under this Plan to make a payment to a CLEC or to pay an assessment to the State of Indiana under the terms set forth herein, Ameritech shall make payment in the required amount by check (unless specifically requested to pay by other than check) on or before the 30th day following the due date of the performance measurement or amount report for the month in which the obligation arose (e.g., if Ameritech's performance through March is such that Ameritech owes a CLEC for March performance, or assessments to the State of Indiana for January – March performance, then those payments will be due May 20, thirty (30) days after the April 20 due date for reporting March data). For each day after the due date that Ameritech fails to pay the required amount, Ameritech shall pay interest to the CLEC at the annual interest rate of eight percent³ for a past due payment and shall pay an additional \$3,000 per day to the State of Indiana for a past due assessment.

10.3 Confidentiality Requests

Pursuant to the Commission's rules, the party petitioning the Commission bears the burden of proof in demonstrating that any data, report(s), record(s), documentation, etc., required or requested under this Plan should be afforded confidential treatment.⁴

11. METHODS OF CALCULATING THE PER-OCCURRENCE TIER-1 PAYMENT AND TIER-2 ASSESSMENT AMOUNTS

The Following methods apply in calculating per occurrence payments and assessments:

11.1 Calculating Per-Occurrence Tier 1 Payments

11.1.1 Measurements for Which the Reporting Dimensions Are Averages or Means

Step 1: Calculate the average or the mean for the sub-measurement for the CLEC that would yield the Critical Z-value. Use the same denominator as the

³ See IC 24-4.6-1-101.

⁴ 170 IAC 1-1.1-4.

one used in calculating the Z-statistic for the sub-measurement. (For benchmark measurements, the calculated average or mean equals the benchmark standard. Substitute this value for the value calculated in the previous sentences.)

Step 2: Calculate the percentage difference between the actual average and the calculated average. For benchmark measurements, calculate the percentage difference between the actual average and the benchmark. This percentage difference is capped at 100%.

Step 3: Multiply the total number of data points by the percentage calculated in the previous step and round this number up to the next integer. Then multiply the result by the per occurrence dollar amount taken from the Tier 1 Payment Table to determine the applicable payment amount for the given month for that sub-measurement.

11.1.2 Measurements for Which the Reporting Dimensions Are Percentages

Step 1: Calculate the percentage for the sub-measurement for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measurement. (For benchmark measurements, the calculated average or mean equals the benchmark standard. Substitute this value for the value calculated in the previous sentences.)

Step 2: Calculate the difference between the actual percentage for the CLEC and the calculated percentage. For benchmark measurements, calculate the percentage difference between the actual average and the benchmark.

Step 3: Multiply the total number of data points by the difference in percentage calculated in the previous step and then round this number up to the next integer. Then multiply the result by the per occurrence dollar amount taken from the Tier 1 Payment Table to determine the applicable Tier 1 payment for the given month for that sub-measurement.

11.1.3 Measurements for Which the Reporting Dimensions Are Ratios or Rates

Step 1: Calculate the ratio for the sub-measurement for the CLEC that would yield the Critical Z-value. Use the same denominator as the one used in calculating the Z-statistic for the sub-measurement.

Step 2: Calculate the difference between the actual ratio for the CLEC and the calculated ratio. For benchmark measurements, calculate the percentage difference between the actual average and the benchmark. This difference is capped at 100%.

Step 3: Multiply the total number of data points by the percentage calculated in the previous step and then round this number up to the nearest integer. Then

multiply the result by the per occurrence dollar amount taken from the Tier 1 Payment Table to determine the applicable Tier 1 payments for the given month for that sub-measurement.

11.2 Calculating Per-Occurrence Tier 2 Assessments

Determine the Tier 2 measurement results, such as High, Medium, or Low, that are non-compliant for three consecutive months for the aggregate of all CLECs.

If the non-compliant performance continues for three consecutive months, an additional assessment will apply in the third month and in each succeeding month as calculated below, until Ameritech reports performance that meets the applicable criterion. That is, Tier 2 assessments will apply on a “rolling three month” basis, one assessment for the average number of occurrences for months 1-3, one assessment for the average number of occurrences for months 2-4, one assessment for the average number of occurrences for months 3-5, and so forth, until satisfactory performance is established. Payment of assessments shall be made consistent with the Payment Schedule set forth at Section 10.2, for as long as performance is non-compliant.

11.2.1 Measurements for Which the Reporting Dimensions Are Averages or Means

Step 1: Calculate the average or the mean for the sub-measurement for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measurement. (For benchmark measurements, the calculated average or mean equals the benchmark standard. Substitute this value for the value calculated in the previous sentences.)

Step 2: Calculate the percentage difference between the actual average and the calculated average for each of the three non-compliant months. For benchmark measurements, calculate the percentage difference between the actual average and the benchmark for each of the non-compliant months. This percentage is capped at 100%.

Step 3: Multiply the total number of data points for each month by the percentage calculated in the previous step. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by the applicable per occurrence dollar amount in the Tier 2 Assessment Table [currently \$1000, \$600, or \$400] for measurements that are designated as High, Medium, or Low respectively to determine the applicable assessment payable to the State of Indiana for that sub-measurement.

11.2.2 Measurements for Which the Reporting Dimensions Are Percentages

Step 1: Calculate the percentage for the sub-measurement for the CLECs that would yield the Critical Z-value for each of the three non-compliant

months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measurement. (For benchmark measurements, the calculated average or mean equals the benchmark standard. Substitute this value for the value calculated in the previous sentences.)

Step 2: Calculate the difference between the actual percentage for the CLECs and the calculated percentage for each of the three non-compliant months. For benchmark measurements, calculate the percentage difference between the actual percentage or proportion and the benchmark for each of the non-compliant months.

Step 3: Multiply the total number of data points for each month by the difference in percentage calculated in the previous step. Calculate the average for three months of these numbers, rounding up the result to the next highest integer. Then multiply the result by the applicable per occurrence dollar amount in the Tier 2 Assessment Table [currently \$1000, \$600, or \$400] for measurements that are designated as High, Medium, or Low respectively to determine the applicable assessment payable to the State of Indiana for that sub-measurement.

11.2.3 Measurements for Which the Reporting Dimensions Are Ratios or Rates

Step 1: Calculate the ratio for the sub-measurement for the CLECs that would yield the Critical Z-value for each of the three non-compliant months. Use the same denominator as the one used in calculating the Z-statistic for the sub-measurement. (For benchmark measurements, calculate the value that would yield parity by adding or subtracting the Critical Z-value to the benchmark as appropriate, subject to Section 4.)

Step 2: Calculate the difference between the actual ratio for the CLECs and the calculated ratio for each month of the non-compliant three-month period. For benchmark measurements, calculate the percentage difference between the actual ratio and the benchmark for each of the non-compliant months. This difference is capped at 100%.

Step 3: Multiply the total number of data points by the percentage calculated in the previous step for each month. Calculate the average for three months of these numbers rounding up the result to the next highest integer. Then multiply the result by the applicable per occurrence dollar amount in the Tier 2 Assessment Table [currently \$1000, \$600, or \$400] for measurements that are designated as High, Medium, or Low respectively to determine the applicable assessment payable to the State of Indiana for that sub-measurement.

12. ADVANCED AND NASCENT PRODUCTS AND SERVICES

12.1 Introduction

In order to ensure parity and benchmark performance where CLECs order low volumes of advanced and nascent products or services, Ameritech will make additional assessments to the State of Indiana on the Qualifying Measurements. The initial set of Qualifying Measurements is listed in Section 12.2.2 below. The initial Qualifying Ordering Categories, as mapped to the applicable submeasurements or disaggregations, as well as the initial Qualifying Performance Measurements are subject to modification by the Commission, consistent with Section 2.3 of this Plan. For the purposes of Section 12, “Qualifying Ordering Categories” shall be defined as synonymous with “submeasures” or “disaggregations”. The initial set of Qualifying Ordering Categories is listed in Section 12.2.1. Such additional assessments will apply only when there is an average of at least one (1) but fewer than 100 observations statewide for a three-month period, consistent with Section 12.3, below. The additional assessments in this section are not subject to the annual, monthly, or per-CLEC procedural triggers.

12.2 Qualifying Order Categories and Performance Measurements

12.2.1 Initial Qualifying Order Categories

The initial set of Qualifying Order Categories is as follows:

- UNE loop and port combinations;
- EELS;
- resold ISDN;
- ISDN UNE loop and port combinations;
- BRI loop with test access;
- DSL loops;
- Line sharing; and
- Line splitting

12.2.2 Initial Qualifying Measurements

The initial set of Qualifying Measurements is as follows:

Provisioning Measurements:

- PMs 29, 45, 58 – Percent Ameritech Caused Missed Due Dates
- PMs 35, 46, 59 – Installation Trouble Reports Within “X” Days
- PMs 27, 43, 56 – Mean Installation Interval
- PMs 32, 49, 62 – Average Delay Days for Ameritech Caused Missed Due Dates
- PM 55.1 – Average Installation Interval – DSL
- PM 57 – Average Response Time for Loop Qualification Information

Maintenance Measurements:

- PMs 38, 66, 68 – % Missed Repair Commitments
- PMs 41, 53, 69 – % Repeat Reports
- PMs 39, 52, 67 – Mean Time to Restore
- PMs 37, 54, 65 – Trouble Report Rate

12.3 Calculation of Increased Payments for Advanced and Nascent Services

The additional assessments to the State of Indiana referenced in Section 12.1 will be made only if Ameritech fails to meet the required applicable parity or benchmark standard for one or more of the above Qualifying Measurements, as determined by the use of the Modified Z-test and a Critical Z-value for either:

- 3 consecutive months; or
- 6 months or more in a calendar year.

The additional assessments will only be calculated on the rolling average of occurrences or measurements, as appropriate, where Ameritech has failed to meet the parity or benchmark performance standards for 3 consecutive months. If Ameritech fails to meet the parity or benchmark performance standards in Indiana for 6 or more months in a calendar year, the assessments will be calculated as if all such months were missed consecutively.

If, for the three months that are utilized to calculate the rolling average, there were 100 observations or more on average for the qualifying measurement or sub-measurement, then no additional payments will be made to the State of Indiana under Section 12. However, if during this same time frame there is either (i) an average of at least one (1) but fewer than 100 observations for a qualifying sub-measurement on a statewide basis or (ii) an average of at least one (1) but fewer than 100 observations for a

non-qualifying sub-measurement within a qualifying measurement where the measurement's average is more than one (1) but fewer than 100 observations, then Ameritech shall calculate the additional payments to the State of Indiana by first applying the Tier 2 assessment calculation methodology, as defined below, to that qualifying submeasurement, and then doubling that amount. The resulting total Tier-2 assessment will be equal to the sum of the normal Tier-2 assessment and the doubled Tier 2 assessment. Thus, the resulting total Tier-2 assessment amount for that submeasurement will be triple the assessment that would have been made absent this section of the Plan.

12.3.1 Tier 2 Assessment Calculation Methodology for Advanced and Nascent Services

12.3.1.1 Determination of the Applicable Number of Observations

The number of observations to be considered in determining whether, and how, to apply the methodology and requirements under this Section 12 shall be determined on a statewide basis (independent of geographic disaggregations), but calculated separately for each of the Qualifying Order Categories within each of the Qualifying Measurements, shown in Section 12.2. Thus, Ameritech is required to make the additional payments described in this Section 12, calculated separately for **each** of the Qualifying Order Categories within **each** of the Qualifying Measurements, should the conditions set forth in Section 12.3 be met.

12.3.1.2 Parity Measurements

For parity measurements, when the average number of observations is between one (1) and 30, inclusive, SBC/Ameritech shall use the "small sample parity test"/permutation analysis described in Section 3.3. When the number of observations is between 31 and 99, inclusive, SBC/Ameritech shall use the modified Z-test described in Section 3.2.

12.3.1.3 Benchmark Measurements

For benchmark measurements, when the number of observations is between one (1) and 99, inclusive, no statistical analysis shall be applied (effectively, $Z_{CRIT} = \text{zero (0)}$), consistent with Section 4).

13. REQUIREMENTS FOR ROOT CAUSE ANALYSIS OF CONTINUED POOR PERFORMANCE

At the end of a rolling three-month period, if Ameritech's performance on the same PM or submeasurement for Tier 1 is still deficient, a CLEC that has opted into this Plan may request that SBC Ameritech initiate a root cause⁵ analysis of the underlying

⁵ The Commission is administratively aware of at least one CLEC that has proposed a "gap closure"

deficient performance and shall implement corrections, consistent with the following provisions. If a measurement (including any associated submeasurements) is classified as Tier-1 only, then a root cause analysis is optional under this Plan, unless a CLEC that has opted into this Plan requests such an analysis.

At the end of a rolling three-month period, if Ameritech's performance on the same PM or submeasurement for Tier 2 is still deficient, SBC Ameritech shall initiate a root cause analysis of the underlying deficient performance and shall implement corrections, consistent with the following provisions. If a measurement (including any associated submeasurements) is classified as Tier-2 only, or as both Tier-1 and Tier-2, then SBC/Ameritech must initiate a root cause analysis and make the necessary and appropriate corrections, regardless of whether a CLEC has requested a root cause or gap closure analysis for the affected measurement(s)/submeasurement(s).

For both Tier 1 and Tier 2 measurements and all associated submeasurements, the poor performance that is the subject of the root cause or gap closure analysis shall be traceable to the affected individual CLEC(s) receiving the poor performance, both in the aggregate and separately for each of that CLEC's subsidiaries, affiliates, or business units that initiated billable transactions with SBC/Ameritech for the month in question. This will require the CLEC and SBC/Ameritech to work together to identify the subsidiaries, affiliates, or business units for that CLEC, as well as the applicable billing codes or other identifiers [See Sections 14.4 and 14.9 for related details].

13.1.1 Tier 1

If performance for any sub-measurement fails to meet the standard of performance (parity or benchmark) defined in Appendix 1 for three consecutive months, SBC Ameritech will, at request of the CLEC, initiate a "gap closure" or root cause analysis effort. The "gap closure" or root cause analysis effort will, at a minimum: (1) identify the root cause for the failure to meet the performance standard, and (2) develop an action plan to improve performance to a level where it is meeting the standard of performance. Documentation of the root cause, SBC/Ameritech's analysis of the root cause, the action plan to address it, and SBC/Ameritech's efforts to correct the problem(s) and improve its performance to be in compliance with the appropriate parity or benchmark standard will be provided to the CLEC requesting "gap closure" or root cause analysis. SBC/Ameritech and the affected CLEC will each have the burden of justifying any requests it might make for confidential treatment of data, information, reports, spreadsheets, etc. SBC/Ameritech shall complete the analysis and all necessary and appropriate corrective actions within two months of receiving the request from the CLEC, unless the IURC authorizes an extension.

analysis, rather than a root cause analysis, process. The references to CLEC-requested root cause analysis shall be construed broadly to allow an individual CLEC to negotiate a gap closure analysis with Ameritech, rather than a root cause analysis, for measures that are remedied for Tier-1 only.

13.1.2 Tier 2

The root cause analysis effort will (1) identify the root cause for the failure to meet the performance standard, and (2) develop an action plan to improve performance to a level where it is meeting the standard of performance. The improvements must be made pursuant to the appropriate change management documents, standards, or requirements. A detailed description of the problem, the results of SBC/Ameritech's analysis, SBC/ Ameritech's efforts to correct the problem(s) and improve its performance to be in compliance with the appropriate parity or benchmark standard, and any additional information that the IURC may so require will be posted to SBC CLEC Online [currently located at <https://clec.sbc.com/clec/>], consistent with the appropriate change management documents, standards, requirements, or guidelines. The IURC may also require some or all of this information to be filed with the Commission. Ameritech will have the burden of justifying any requests for confidential treatment of data, information, reports, spreadsheets, etc. SBC/Ameritech shall begin the process of analysis and correction of the root cause automatically at the end of the third month (month 3) of deficient performance and shall complete the analysis and all necessary and appropriate corrective actions within two months (at the end of month 5), unless the IURC authorizes an extension.

14. DATA AND REPORTING REQUIREMENTS

14.1 "Audit" Defined

Unless otherwise stated, as used in this Section 14, the word "audit" is as defined in Section 15.1 of this Plan.

14.2 "Transform" Defined

Unless otherwise stated, as used in this Section 14, words such as "transform", "transformation", and "transformed" should be interpreted broadly as referring to transformation, manipulation, processing, editing, etc., of data.

14.3 Calculation and Statement of Performance Results

14.3.1 SBC/Ameritech Obligations

SBC/Ameritech is obligated to correctly and completely report performance results for each individual CLEC opting into this Plan, and for the aggregate of all CLECs. The aggregate CLEC results shall be based upon the results for all Indiana CLECs, regardless of whether a given CLEC has opted into this Plan.

14.3.2 Calculation and Statement of Retail and Affiliate Performance Results

Required

Ameritech Indiana shall calculate and state its and its affiliates' performance results (both initial results and any recalculated or restated results) for all approved performance measurements in the manner described below, even if there are, or Ameritech believes there are, no corresponding CLEC performance results to report. These results shall be available on the Performance Measurements section of the SBC CLEC Online Website.

Any modification of transformation or calculation rules (as defined and described in Sections 14.7.3.4 and 14.7.3.8, respectively) shall automatically trigger a recalculation of performance results for the affected measurement(s) or submeasurement(s).

14.3.3 Controls Required

SBC/Ameritech shall implement and maintain a mechanism(s), policy(ies), process(es), procedure(s), and control(s) for calculating and stating both initial and recalculated or restated performance measurement results. SBC/Ameritech shall document the mechanism(s), policy(ies), process(es), procedure(s), and controls in a clear, timely, and accurate fashion; this documentation shall be available on the SBC CLEC Online web site [currently located at <https://clec.sbc.com/clec/>].

14.3.4 Reporting Requirements for Initial Performance Results

Each month's initial performance measurement reporting shall be available on the SBC CLEC Online Website and shall include the following information, at a minimum:

- Initial performance results, by month, PM, CLEC (individually and in the aggregate), and Tier; and
- For each performance measurement and disaggregation, the original value of the CLEC numerator, CLEC denominator, aggregate CLEC value, SBC/Ameritech affiliate value, IBT retail value, and Z-score of each approved performance measurement.

14.3.5 Reporting Requirements for Recalculated and Restated Performance Results

On occasion, it may be necessary for Ameritech to recalculate and/or restate performance measurements. Any recalculation or restatement of performance results by SBC Ameritech for Indiana shall automatically trigger a recalculation and, if necessary, a restatement of payment or assessment amounts (amounts owed and amounts paid) for the affected measurement(s). Similarly, any modification of transformation or calculation rules (as defined and described in Sections 14.7.3.4 and 14.7.3.8, respectively) that causes a recalculation or restatement of results by SBC Ameritech for Indiana; shall automatically trigger a recalculation and, if necessary, a restatement of payment or assessment amounts (both amounts owed and amounts paid) for the affected measurement(s). If the recalculation or restatement of performance results causes a change in the payment or assessment amount(s) for the affected performance

measurement(s) or submeasurement(s), the revised payment or assessment amounts owed shall be recalculated and restated to the SBC CLEC Online Website within 5 business days of the recalculation or restatement of the underlying performance result(s).

Each month's performance measurement recalculation and restatement reporting shall be available on the SBC CLEC Online Website and shall include the following information, at a minimum:

- Recalculated or restated performance results (including multiple recalculations or restatements), by month, PM, CLEC (individually and in the aggregate), and Tier;
- For each performance measurement and disaggregation, the recalculated or restated value of the CLEC numerator, CLEC denominator, aggregate CLEC value, SBC/Ameritech affiliate value, IBT retail value, and Z-score of each approved performance measurement;
- For each performance measurement, a list of each of the disaggregation results that was (were) recalculated or restated;
- For each performance measurement, the *original value* of the CLEC numerator, CLEC denominator, aggregate CLEC value, SBC/Ameritech affiliate value, IBT retail value, and Z-score of each recalculated or restated performance measurement; as well as an indication of which value or statistic has changed;
- For each performance measurement, the *recalculated or restated value* of the CLEC numerator, CLEC denominator, CLEC value, affiliate value, retail value, and Z-score of each recalculated or restated performance measurement; as well as an indication of which value or statistic has changed;
- For each performance measurement and disaggregation, the date(s) that each performance measurement recalculation(s) or restatement(s) occurred;
- For each recalculated or restated performance measurement and disaggregation, a clear link between the original result and the recalculated or restated result indicating the items changed
- For each performance measurement and disaggregation, a detailed reason why each recalculation(s) or restatement(s) occurred (at a minimum, Ameritech shall report whether the restatement was made because of a recalculation or for some other reason).

14.3.5.1 CLEC Recourse

If Ameritech recalculates or restates previously reported Tier 1 performance results, and if, after discussions with Ameritech, the affected CLEC disputes such recalculations or restatements, then the CLEC may initiate an EDR proceeding for review of the submitted results or payment totals, and the IURC may take appropriate action.

14.4 Calculation and Statement of Payment and Assessment Amounts (Both Amounts Owed and Amounts Paid)

14.4.1 Initial Amounts

SBC/Ameritech shall implement and maintain a mechanism(s), policy(ies), process(es), procedure(s), and controls for the initial calculation and statement of payment and assessment amounts(both amounts owed and amounts paid. SBC/Ameritech shall document the mechanism(s), policy(ies), process(es), procedure(s), and controls in a clear, timely, and accurate fashion; this documentation shall be available on the SBC CLEC Online Website. In addition, SBC Ameritech shall implement and maintain documentation and records, in a clear, timely, and accurate fashion, of the payment and assessment amounts(both amounts owed and amounts paid (as described below), sufficient to support both independent third-party audits and mini-audits, as well as the ongoing reconciliation of performance results and payment and assessment amounts.

Each month's initial payment and assessment amounts (both amounts owed and amounts paid) shall be available on the SBC CLEC Online Website and shall include the following information, at a minimum:

- Initial payment and assessment amounts (both amounts owed and amounts paid), reported by performance measurement (individually and in the aggregate), disaggregation, month, CLEC (individually and in the aggregate), and Tier; and
- Initial payment and assessment amounts that were placed into escrow under the provisions of Section 7, reported by performance measurement (individually and in the aggregate), disaggregation, month, CLEC (individually and in the aggregate) and Tier.

14.4.2 Recalculated and Restated Payment and Assessment Amounts (both Amounts Owed and Amounts Paid

SBC/Ameritech shall implement and maintain a clear, accurate, and timely mechanism(s), policy(ies), process(es), and procedure(s) for the recalculation and restatement of payment and assessment amounts (both amounts owed and amounts paid. SBC/Ameritech shall document the following in a clear, timely, and accurate fashion; this documentation shall be available on the SBC CLEC Online Website:

- Recalculated or restated payment and assessment amounts (both amounts owed and amounts paid) (including multiple recalculations or restatements), reported by performance measurement (individually and in the aggregate), month, CLEC (individually and in the aggregate), and Tier; and
- Recalculated or restated total payment and assessment amounts (both amounts owed and amounts paid), including multiple recalculations or restatements, that were placed into escrow under the provisions of Section 7, reported by performance measurement (individually and in the aggregate), month, CLEC (individually and in the aggregate), and Tier.

14.4.2.1 CLEC Recourse

If Ameritech recalculates or restates previously reported amounts for payments to individual CLECs, and if, after discussions with Ameritech, the affected CLEC disputes such recalculations or restatements, then the CLEC may initiate an EDR proceeding for review of the submitted results or payment totals, and the IURC may take appropriate action. and the IURC may take appropriate action.

14.5 Third and Subsequent Recalculations and Restatements of Performance Results, Payments, and Assessments

Notwithstanding the recognition in Section 14.3.5 that performance results may need to be restated from time to time, frequent and repeated recalculations or restatements of performance measurement results, and/or of payments or assessments impose a significant administrative burden on CLECs and auditors and, ultimately, on the telephone customers in Indiana. Furthermore, they may impose a financial cost (perhaps significant) on CLECs, may adversely affect the credibility of SBC/Ameritech. If left unchecked, frequent and repeated recalculations and restatements – especially for the same, specific, measure(s) or submeasure(s) - may cast doubt or uncertainty on the viability of the competitive environment, itself. As an incentive to guard against these outcomes, Ameritech Indiana shall make additional payments or assessments, as described below.

For the purposes of this section, a material recalculation or restatement is defined as one that meets one or more of the following criteria:

- A recalculation or restatement of performance results or of payment/assessments owed that changes the payment or assessment amounts owed by more than 2%
- A recalculation or restatement that does not clearly indicate the specific PM submeasurement and disaggregation for which the result or amount changed.
- A recalculation or restatement that does not clearly indicate why the result or amount changed. In other words, if a recalculation or restatement is posted but there is no specific and clear indication of what specific item(s) changed to lead to the recalculation or restatement, it is considered material irrespective of whether the payment or assessment amounts changed by more than 2%.

For the third material recalculation or restatement of a Tier 1 performance measurement result, Ameritech Indiana shall pay to the affected CLECs an additional payment equal to 20% of the total recalculated or restated amount due. For the fourth and subsequent material recalculations or restatements, Ameritech Indiana shall make an additional payment of $(N-1) \times 10\%$ of the recalculated or restated amount due where N is the ordinal number of the recalculation or restatement [for purposes of calculating the ordinal number, recalculations and restatements shall be considered as equivalent].

For the third material recalculation or restatement of a Tier 2 performance measurement result, Ameritech Indiana shall pay to the State of Indiana an additional assessment equal to 20% of the total restated amount due. For the fourth and subsequent restatements Ameritech Indiana shall pay an additional assessment of $(N-1)*10\%$ of the restated amount due where N is the ordinal number of recalculation or restatement [for purposes of calculating the ordinal number, recalculations and restatements shall be considered as equivalent].

This Section 14.5, "Third and Subsequent Recalculations and Restatements of Performance Results, Payments, and Assessments" shall become effective following the conclusion of the PM Audit currently being conducted by BearingPoint as part of the independent 3rd party OSS test in Cause No. 41657.

The additional assessments in this section are not subject to the annual, monthly, or per-CLEC procedural triggers.

14.6 Access to Performance, Payment, and Assessment Data, Results and Reports

14.6.1 Availability of Results and Reports

Ameritech shall provide to each CLEC a separate monthly report of the performance results and the amounts owed and amounts paid for that CLEC, including any recalculated or restated performance results and amounts owed and amounts paid. SBC/Ameritech shall provide this separate monthly report within 10 calendar days of posting the applicable results or amounts to the web site.

Ameritech shall provide to IURC Staff a separate monthly report of the aggregate CLEC performance results and the aggregate amounts owed and amounts paid, including any recalculated or restated performance results and amounts owed and amounts paid. SBC/Ameritech shall provide this separate monthly report within 10 calendar days of posting the applicable results or amounts to the web site.

14.6.2 Availability of Data to CLECs

Ameritech will not levy a separate charge for provision of the data to CLEC called for under this Plan. Upon a CLEC's request, data files of CLEC's raw data, or any subset thereof, will be transmitted to CLEC at no cost to the CLEC. The CLEC shall have the option of designating its request for data as a standing request; under these circumstances, Ameritech shall provide the requested data each month until such time as it is directed otherwise. If a CLEC's request is transmitted to Ameritech on or before the last day of the month for which data are sought or if a CLEC has a standing request for such data, Ameritech shall provide the data to that CLEC on or before the 20th day of the following month pursuant to mutually acceptable format, protocol, and transmission media. If a CLEC does not have a standing request for the data and if that CLEC's request is transmitted to Ameritech after the last day of the month for which data are sought, Ameritech shall provide the data to that

CLEC within 20 days of receipt of that CLEC's request pursuant to mutually acceptable format, protocol, and transmission media. If needed for dispute resolution, one or more parties may be asked to provide raw data to the IURC, consistent with such protections for allegedly confidential information as the Commission may require. If ordered by the Commission to submit raw data, the affected party(ies) may petition the Commission for confidential treatment of the data. Ameritech and other parties shall bear the burden of demonstrating that the data or information should be treated confidentially . . .

14.7 Retention Policies and Storage Mechanisms/Procedures for Data and Results

14.7.1 "Data" Defined

Except as otherwise stated, as used in this Section 14.7, the word "data" should be given a broad interpretation and includes data, data files, databases, and spreadsheets.

14.7.2 Auditing and Reconciliation of Performance Results and Payment/Assessment Amounts –Documentation Retention Required

Pursuant to Sections 14 and 15 of this Plan and as may be further defined by the auditor or the IURC, SBC/Ameritech shall implement and maintain – in a clear, accurate, and timely fashion – documentation of: (1) the various versions of performance measurement implementations; and (2) performance results (initial and recalculated or restated) and payment/assessment amounts (initial and recalculated or restated; both amounts owed and amounts paid).

The required documentation referenced in the previous paragraph shall be sufficient to support both independent third-party annual audits and mini-audits and the reconciliation of the performance results and payment and assessment amounts (both amounts owed and amounts paid). In that regard, and at a minimum, the documentation must be capable of supporting the following scenarios: (1) reconciliation of all payment and assessment amounts owed (initial vs. recalculated or restated); (2) reconciliation of all payment and assessment amounts paid (initial vs. recalculated or restated); (3) reconciliation of all payment and assessment amounts owed (initial and recalculated or restated) vs. amounts paid (initial and recalculated or restated); and (4) reconciliation of both amounts owed (initial and recalculated or restated) and amounts paid (initial and recalculated or restated) with the associated performance results (both initial and recalculated or restated).

14.7.3 Auditing and Reconciliation of Performance Results and Payment/Assessment Amounts –Data Retention Required

14.7.3.1 Overview

The following table presents, in summary form, the data retention requirements under this Plan. Additional details appear after the table.

RETENTION AND STORAGE REQUIREMENTS TABLE

	Summary Description of Items to be Retained	Minimum Retention Period
1.	Performance Measurements and Business Rules (See Section 14.7.3.2 for details.)	Three years online
2.	Original source system data (See Section 14.7.3.3 for details.)	6 months online, three years offline
3.	Any transformation rules applied to original source system data (See Section 14.7.3.4 for details.)	6 months online, three years offline
4.	Intermediate-State data (See Section 14.7.3.5 for details.)	6 months online, three years offline
5.	Initial performance results (See Section 14.7.3.6 for details.)	6 months online, three years offline
6.	Recalculated and/or Restated performance results (See Section 14.7.3.7 for details.)	6 months online, three years offline
7.	Calculation rules used to generate payments, assessments and reports (See Section 14.7.3.8 for details.)	Accessible at least three years online
8.	Initial Payment and assessment amounts, calculations, and reports (See Section 14.7.3.9 for details.)	6 months online, three years offline
9.	Restated payments and assessment amounts, calculations, and reports (See Section 14.7.3.10 for details.)	6 months online, three years offline

14.7.3.2 Retention of Performance Measurements and Business Rules

SBC Ameritech shall maintain and document the various versions of performance measurement and business rule implementations sufficient to support both independent third-party audits and mini-audits and the reconciliation of performance results and payment and assessment amounts (both amounts owed and amounts paid), consistent with Sections 14 and 15 of this Plan, and as may be further defined or described by an independent third-party auditor or by the IURC.

14.7.3.3 Retention and Storage of Original SBC/Ameritech Source System Data

All SBC/Ameritech and its affiliates' source system data (whether original or backup) underlying the performance results that SBC/Ameritech has posted, or is required to post, on SBC CLEC Online, shall be stored and maintained in an auditable format and in a secure, stable, redundant, and auditable storage medium online for at least six months and off line for at least three years. Source system data may be used to directly produce or generate performance results, or they may be subject to further transformation or transferal prior to the production or generation of the ultimate performance results.

14.7.3.4 Retention of Transformation and Transferal Rules

The transformation and transferal rules used to generate or produce any transformed data from the original or source system data, from data provided or generated from a third party, or from data subsequent or external to the source system, shall be stored and maintained in an auditable format and in a secure, stable, redundant, and auditable storage medium on line for at least six months and off line for at least three years. “Transformation rules” shall be defined as any logic, code, algorithms, formulas, equations, etc., that are used by SBC/Ameritech to transform or transfer: (1) source system data or a subset thereof, or (2) performance data or a subset thereof that are produced, transferred, or stored outside of an SBC/Ameritech source system, prior to being used – either directly or indirectly - in calculating or generating performance results. “Transferal rules” shall be defined as any logic, code, algorithms, formulas, equations, etc., that are used by SBC/Ameritech to transfer: (1) source system data or a subset thereof, or (2) Intermediate-state data or a subset thereof to a different system, data base, data file, or spreadsheet prior to being used – either directly or indirectly - in calculating or generating performance results. There may be multiple iterations or stages of transformation or transferal. This requirement applies to Ameritech’s retail, wholesale/CLEC, and affiliate data and transformation rules.

14.7.3.5 Retention of Intermediate-State Data

Intermediate-state data are performance data that are produced, transferred, or stored outside of an SBC/Ameritech source system, prior to being used – either directly or indirectly - in calculating or generating performance results. The requirements in this paragraph shall also apply when a third party generates or maintains the initial source system data or data files (Ameritech sometimes refers to the associated performance measurements as “out of scope measurements”). In those instances, SBC/Ameritech shall store and maintain the first generation or iteration of the data that it receives from the third party subject to the requirements in this paragraph. Intermediate-state data may be either transformed or untransformed. Intermediate-state data may be used to directly produce or generate performance results, or they may be subject to further transformation or transferal prior to the production or generation of the ultimate performance results. Intermediate-state data shall be stored and maintained in an auditable format and in a secure, stable, redundant, and auditable storage medium online for at least six months and off line for at least three years. The requirements in this paragraph apply to Ameritech’s retail, wholesale/CLEC, and affiliate data.

14.7.3.6 Retention of Initial Performance Results

Human- and machine-readable archives (including any back-ups) of the calculations and amounts for initial performance results for SBC/Ameritech, as required under this Plan, and associated reports and documentation, shall be stored and maintained in an auditable format and in a secure, stable, and auditable storage medium online for at least six months and off line for at least three years. There may be multiple iterations of calculations or multiple stages in the calculation process. This retention and storage

requirement applies to Ameritech's retail, wholesale/CLEC, and affiliate results, for both Tier 1 and Tier 2.

14.7.3.7 Retention of Recalculated and/or Restated Performance Results

Human- and machine-readable archives (including any back-ups) of the calculations and amounts for recalculated or restated performance results for SBC/Ameritech, as required under this Plan, and associated reports and documentation, shall be stored and maintained in an auditable format and in a secure, stable, and auditable storage medium online for at least six months and off line for at least three years. There may be multiple iterations of calculations or multiple stages in the calculation process. This retention and storage requirement applies to Ameritech's retail, wholesale/CLEC, and affiliate results, for both Tier 1 and Tier 2.

14.7.3.8 Retention of Calculation Rules Used To Generate Payments, Assessments, and Reports

Calculation rules that are directly used to generate the initial and recalculated or restated payment and assessment amounts, and associated reports and documentation, shall be consistent with the applicable methodology set forth in this Plan (e.g., in Sections 3, 4, 8, 9, 11, or 12) and approved by the IURC. This Plan, and any modifications thereto (if applicable), approved by the IURC and containing such calculation rules, shall be accessible via SBC CLEC Online for at least three years. This requirement applies to Ameritech's retail, wholesale/CLEC, and affiliate data. "Calculation rules" shall be defined as any logic, code, algorithms, formulas, equations, etc., that are used to calculate or generate Tier 1 payment or Tier 2 assessment amounts (both amounts owed and amounts paid) and reports. There may be multiple iterations of calculations or multiple stages in the calculation process.

14.7.3.9 Retention of Initial Payment and Assessment Amounts (both Amounts Owed and Amounts Paid, Calculations, and Reports

The following shall be stored and maintained in an auditable format and in a secure, stable, redundant, and auditable storage medium online for at least six months and off line for at least three years: human- and machine-readable archives (including any back-ups) of the calculations and amounts for initial payments and assessments (both amounts owed and amounts paid) required under this Plan, and associated reports and documentation, and linkages to the original statements provided to CLECs and the IURC. There may be multiple iterations of calculations or multiple stages in the calculation process. This requirement applies to both Tier 1 payment and Tier 2 assessment data.

14.7.3.10 Retention of Recalculated and/or Restated Payment and Assessment Amounts (both Amounts Owed and Amounts Paid), Calculations, and Reports

The following shall be stored and maintained in an auditable format and in a secure, stable, redundant, and auditable storage medium online for at least six months and

off line for at least three years: human- and machine-readable archives (including any back-ups) of the calculations and amounts for recalculated or restated payments and assessments (both amounts owed and amounts paid) required under this Plan, and associated reports and documentation, and linkages to the original statements provided to CLECs and the IURC. There may be multiple iterations of calculations or multiple stages in the calculation process. This requirement applies to both Tier 1 payment and Tier 2 assessment data.

14.8 Integrity of Data and Results

The SBC Ameritech Indiana Performance Assurance and Remedy Plan assumes documented systems, policies, processes, procedures, and controls within SBC Ameritech sufficient to ensure that data, transformations, calculations, and reported results for Ameritech's performance and for payments and assessments are valid, reliable, accurate, replicable, and stable. These systems, policies, processes, procedures, and controls (together with the associated documentation) shall be auditable and subject to audit by an independent third party auditor.

14.9 Linkages, Documentation, and Change Management Issues

SBC/Ameritech shall implement and maintain a mechanism(s), policy(ies), process(es), and procedure(s) governing certain "linkages" [hereinafter, collectively referred to as a "linkage mechanism(s)"]. SBC/Ameritech shall implement and maintain a mechanism(s), policy(ies), process(es), and procedure(s) governing certain change processes [hereinafter, collectively referred to as a "change management mechanism(s)"]. *At a minimum*, SBC/Ameritech shall maintain, update, and document the following linkage and change management mechanisms:

- Linkage mechanism(s) between the initial calculation and statement of performance measurement results, and the initial calculation and statement of payment and assessment amounts owed [These documented linkage mechanisms shall govern the translation or conversion of initial performance results into amounts owed];
- Change Management Mechanisms Between Initial Performance Results and Recalculated or Restated Performance Results;
- Linkage Mechanisms Between recalculated or restated performance results and recalculated or restated payment and assessment amounts owed [These documented linkage mechanisms shall govern the translation or conversion of recalculated performance results into recalculated amounts owed];
- Change Management Mechanisms Between Initial Payment and Assessment Amounts Owed, and Recalculated or Restated Payment and Assessment Amounts Owed;

- Linkage mechanism(s) between the initial calculation and statement of payment and assessment amounts owed, and payment and assessment amounts paid [At a minimum, these documented linkage mechanisms shall ensure that payment and assessment amounts owed correctly reflect the amounts already paid];
- Linkage mechanism(s) between the recalculation or restatement of payment and assessment amounts owed, and payment and assessment amounts paid [At a minimum, these linkage mechanisms shall ensure that payment and assessment amounts owed correctly reflect the amounts already paid];

SBC/Ameritech shall document the linkage and change management mechanisms required under this section of the Plan in a clear, timely, and accurate fashion; a given version of the documentation shall be available on the SBC CLEC Online Website for at least three years.

At a minimum, the linkage and change management mechanisms and documentation, must be capable of supporting the following scenarios: (1) reconciliation of all payment and assessment amounts owed (initial vs. recalculated or restated); (2) reconciliation of all payment and assessment amounts paid (initial vs. recalculated or restated); (3) reconciliation of all payment and assessment amounts owed (initial and recalculated or restated) vs. amounts paid (initial and recalculated or restated); and (4) reconciliation of both amounts owed (initial and recalculated or restated) and amounts paid (initial and recalculated or restated) with the associated performance results (both initial and recalculated or restated).

15.AUDITS

15.1 Annual Audits

Ameritech will participate in a comprehensive annual audit.

15.1.1 “Annual Audit” - Defined

As used in this Section 15.1, the phrase “comprehensive annual audit” does not refer to a financial audit. As used in this Section 15.1, the phrase “comprehensive annual audit” refers to an audit and examination of Ameritech Indiana and SBC/Ameritech as described more fully below. Such an audit shall be generally consistent with applicable portions of the United States General Accounting Office’ (“GAO”)s “Yellow Book” auditing standards.⁶ This Section 15.1.1 should not be read as contradicting Section 15.1.2 or imposing different requirements on the audit, the auditor, or SBC/Ameritech than are established in that section.

15.1.2 Scope of Annual Audit

The IURC must also approve the scope of the annual audit. This section 15.1 is not intended to be exhaustive; it is intended to set minimum requirements. At a minimum, the annual audit shall include a comprehensive audit and evaluation of Ameritech’s compliance with Section 14 of this Plan. At a minimum, Ameritech shall make available to the independent 3rd party auditor all data, business rules and performance measures, reported performance results, reported payment and assessment amounts (both amounts owed and amounts paid), OSS, other systems, documentation, policies, processes, procedures, mechanisms, and personnel; necessary to audit and verify Ameritech’s performance and its compliance with Section 14 of this Plan. The independent 3rd party auditor shall, at a minimum, audit and evaluate these systems, documentation, policies, processes, procedures; and mechanisms; as well as the validity, reliability, reproducibility, accuracy, and stability of the performance results, linkage and change management mechanisms, and payments and assessments (both amounts owed and amounts paid).

SBC/Ameritech and the CLECs may also jointly recommend additional aspects of the scope and methodology of the annual audit to the IURC for approval, beyond (but not instead of) those aspects of the scope and methodology that are defined in this Plan. If the parties cannot agree on additional parameters of the scope and methodology of the audit, any party(ies) may request that the IURC resolve the dispute, utilizing the Commission’s EDR procedures. The auditor and/or the IURC may establish additional requirements beyond those set forth in this Section and beyond those recommended by one or more of the parties.

15.1.3 Selection of Annual Auditors

An independent third-party auditor will perform this annual audit, as defined and described in Sections 15.1.1 and 15.1.2, and consistent with the other provisions of Section 15. The IURC must approve the selection of the auditor. Ameritech and the CLECs will jointly recommend the third-party auditor to the IURC for approval. If the

⁶ The primary Yellow Book document that is currently most relevant is the GAO’s Report to Office of Policy entitled “Assessing the Reliability of Computer-Processed Data” [GAO/OP-8.1.3], although other reports or documents may also be utilized.

parties cannot agree on who the auditor should be, the auditors selected by each party will jointly recommend an auditor to the IURC for approval. If the auditors selected by each party cannot agree on who the auditor should be, the IURC will select the auditor. Regardless of the selection process, the IURC must ultimately approve the selection of the auditor.

15.1.4 Costs of the Annual Audits

Costs for these annual audits will be fully borne by Ameritech and shall not be charged or assessed to, ratepayers or customers. Furthermore, the costs for the annual audits shall not be included in, or recovered through, rates, nonrecurring charges, or recurring charges. If requested, Ameritech will provide a full and complete record of all costs and expenses associated with the annual audit to the IURC and/or its Staff.

15.1.5 Scheduling of the Annual Audits

The comprehensive Annual Audits will be conducted every twelve (12) months, with the first such audit commencing twelve (12) months after the conclusion of the PM Audit currently being conducted by BearingPoint for Indiana, unless otherwise directed by the Commission.

15.1.6 Notification Requirements for the Annual Audits

Upon completion of a given annual audit, Ameritech shall submit the results of its annual comprehensive audit to the Commission, all parties in Cause No. 41657, and any CLEC participating in this Plan that is not also a party in Cause No. 41657. All written notices pursuant to this paragraph regarding the outcome of any mini-audit shall be posted to the IURC's Section 271/OSS e-mail distribution list [Ameritech271@urc.state.in.us] and shall be also distributed via an accessible letter.

15.2 Mini Audits

Prior to requesting a mini-audit, a CLEC shall consult with SBC Ameritech and attempt in good faith to resolve any issues regarding performance measures, payment or assessment amounts, or data, as those terms are used in this Plan. In the event that a CLEC requests such consultation and the issues raised by the CLEC have not been resolved to the CLEC's satisfaction within 30 days after the CLEC's request for consultation, then SBC Ameritech shall allow the CLEC to have an independent mini-audit conducted, as defined and described in this Section 15.2. This Section 15.2 does not modify a CLEC's audit rights under other provisions of this Plan or any applicable IURC Order or Docket Entry. Any mini-audits are in addition to the annual audits, and are subject to the provisions of this section. Notwithstanding any other provisions of this section, in the context of a mini-audit(s), each CLEC is limited to auditing three (3) single measurements and all of the included or associated sub-measurements during an individual mini-audit year.

15.2.1 “Mini-Audit” – Defined

A CLEC that opts into this Plan may request that a mini-audit be performed on a specific measurement and any or all of its associated submeasurements upon written request to SBC/Ameritech, and consistent with the remainder of this Section 15 (including, but not limited to, the previous paragraph regarding preliminary consultations between the CLEC and SBC/Ameritech), if it has reason to believe that: (a) SBC/Ameritech is not adhering to the reporting criteria for the measurement or any or all of its associated submeasurements; (b) the processes for the collection, storage, transformation, or transfer of data; or the generation, calculation, retention, storage, or reporting of performance results or payments or assessments (both amounts owed and amounts paid) for that measurement or any of its associated submeasurements, are flawed; or (c) the performance results or the payment amounts (both amounts owed and amounts paid) for that measurement or any of its associated submeasurements, are flawed.

15.2.2 Scope of Mini-Audits

At a minimum, mini-audits will be of all systems, documentation, policies, processes, and procedures associated with the production and reporting of performance measurement results – and, if requested by the CLEC, of payment amounts (both amounts owed and amounts paid) - for the audited measurement(s) and associated submeasurement(s). Mini-audits shall include two (2) months of data; raw data supporting the performance measurement results and payment amounts shall be made available, on a monthly basis, to the CLECs. To the extent that SBC/Ameritech and a particular CLEC cannot agree on the structure, governance, scope or other aspects or requirements of a requested mini- audit, either or both parties may request the IURC to resolve the dispute(s), through the Expedited Dispute Resolution Procedures set forth herein.

15.2.3 Selection of Mini-Auditor

An independent third-party auditor, selected by the same method as described above in Section 15.1.3, will conduct the mini-audits. Regardless of the selection process, the IURC must ultimately approve the selection of the mini-auditor.

The final recommendation to the IURC from the CLEC and SBC/Ameritech, or their respective recommended auditors, regarding the independent 3rd-party auditor to perform the mini-audit, shall be submitted to the Commission for approval no later than 35 days following the initial request for the mini-audit – i.e., no later than five (5) days following the end of the 30-day preliminary consultation period.

15.2.4 Costs of Mini-Audits

The responsibility for paying the costs of such mini-audits shall be wholly dependent on the result of the mini-audit. A CLEC initiating a mini-audit that results in no findings by the auditor of culpability or misfeasance on Ameritech’s part, shall be

fully responsible for bearing the costs and expenses of the mini-audit. In those instances where a CLEC requests a mini-audit that results in a finding (whether or not related to the original problem(s) or defect(s) raised by the CLEC requesting the mini-audit) by the auditor that Ameritech has materially misreported or misrepresented data, performance results, or payment or assessment amounts (both amounts owed and amounts paid), or, Ameritech is found by the auditor to have non-compliant procedures or documentation, Ameritech shall bear responsibility for full payment of the costs of the mini-audit. Ameritech is deemed to be materially at fault when, as a consequence of the mini-audit: (a) a reported successful or “met” result for a measurement or submeasurement/disaggregation changes as a consequence of the audit to an unsuccessful or “missed” result; or (b) a reported unsuccessful or “missed” result for a measurement or submeasurement/disaggregation (i.e., a result that shows Ameritech’s performance is out of parity or has failed to meet the benchmark) changes to an even less compliant result (i.e., a result that shows Ameritech’s performance is further out of parity or further away from the benchmark) than was originally reported. Each party to the mini-audit shall bear its own internal costs, regardless of which party ultimately bears the cost of the third-party auditor.

15.2.5 Scheduling of the Mini-Audits

The initial audit year for any requested mini-audits shall commence no earlier than the conclusion of the PM audit portion of the ongoing third-party test of Ameritech Indiana’s OSS, as determined by the IURC. **Mini-audits may not be performed, conducted or requested while the OSS third-party test, or an Annual Audit is being conducted.**

15.2.6 Notification Requirements for the Mini-Audits

The CLEC’s written request to SBC/Ameritech for a mini-audit, as described in Section 15.1, will include the designation of a CLEC representative [the “named responsible CLEC individual”] to engage in discussions with Ameritech about the requested mini-audit; this does not preclude additional CLEC personnel from assisting or working with the named responsible individual. Within three (3) business days of receiving the CLEC’s written request for a mini-audit, Ameritech must notify the CLEC, in writing, of its receipt of the CLEC’s written request. Ameritech’s written notification must include the designation of a single representative [the “named SBC/Ameritech responsible individual”] for these discussions; this does not preclude additional SBC/Ameritech personnel from assisting or working with the named responsible individual.

On a monthly basis, Ameritech will provide notification of all mini-audits that have commenced within the previous 30 days to all parties to Cause No. 41657, all CLECs that have opted into the Plan but are not a party to Cause No. 41657, and the Commission. At a minimum, such notification shall include the following information for each such mini-audit: a summary description of the CLEC complaint(s), allegation(s), or concern(s); as well as a listing of each performance measurement and submeasurement that is the subject of said complaint, allegation, or concern). All written notices pursuant

to this paragraph shall be posted to the IURC's Section 271/OSS e-mail distribution list [Ameritech271@urc.state.in.us].

SBC Ameritech shall make the following information regarding each mini-audit available to the IURC, any participating party in Cause No. 41657, and any CLEC not also a party to Cause No. 41657 - with the appropriate protections for confidential and/or proprietary data - (1) the results of the mini-audit, a description of the problem(s) or defect(s) discovered, any corrective actions taken by SBC/Ameritech, and the performance measures, systems, processes, and documentation affected by the problem(s) or defect(s) and the corrective action(s). All written notices pursuant to this paragraph regarding the outcome of any mini-audit shall be posted to the IURC's Section 271/OSS e-mail distribution list [Ameritech271@urc.state.in.us] and shall be also distributed via an accessible letter.

16. APPENDICES

Attached hereto, and/or incorporated herein by reference, are the following Appendices:

Appendix 1: Current approved Performance Measurement Business Rules, as approved by the IURC; and any appendices, attachments, or exhibits to the Performance Measurement Business Rules, as approved by the IURC. [The current version of the Performance Measurements was approved on January 30, 2002.]

CHANGE MANAGEMENT PERFORMANCE MEASURES

Appendix 1-A: [Non-Exhaustive] Modifications to MI 15 [The current version of MI 15 was approved on January 30, 2002.]

Appendix 1-B: [Non-Exhaustive] Modifications to Proposed (New) PM 124.

Appendix 1-C: [Non-Exhaustive] Modifications to Proposed (New) PM 124.1

Appendix 2: Performance Measurements Subject to Tier-I Payments and Tier-2 Assessments Identified as High, Medium, or Low.

Appendix 2 will need to be revised and filed as an Indiana-specific document, subsequent to the conclusion of the 2002 six-month review and any IURC action in response to any proposals, recommendations, motions, etc., therefrom.

Appendix 3: Measurements Subject to Per Occurrence Calculation of Payments or Assessment with a Cap and Measurements Subject to Per Measure Payments or Assessment.

Appendix 4: Interim Change Management Process Form

Appendix 5: CLEC Opt-In Form

Appendix 6-A: Explanation and Calculation of Annual, Monthly, and Per-CLEC Triggers

Appendix 6-B: Calculation of 36% Procedural Trigger and Ameritech Indiana's Net
Return [Based Upon FCC ARMIS 43-01 Cost and Revenue Table]

SBC Ameritech Indiana Performance Assurance And Remedy Plan

SBC/Ameritech is required to modify MI 15 and to introduce new measures 124 and 124.1 in Indiana. The Commission is administratively aware that the parties are discussing changes to MI 15 and proposed new measures 124 and 124.1 in the ongoing six-month review. The IURC Staff may propose, and the IURC may approve or require, additional modifications to the substantive provisions of any or all of these performance measures

For the purposes of the October 16, 2002, SBC Ameritech Indiana Performance Assurance and Remedy Plan, the following modifications shall be made to PM MI 15:

Measurement Type:

Tier 1 – Medium

Tier 2 – Medium

Applicable OSS: Pre-Ordering, Ordering, Provisioning, Maintenance & Repair, and Billing

For the purposes of the October 16, 2002, SBC Ameritech Indiana Performance Assurance and Remedy Plan, the following requirements shall apply to proposed (new) PM 124:

Measurement Type:

Tier 1 – High

Tier 2 – High

Applicable OSS: Pre-Ordering, Ordering, Provisioning, Maintenance & Repair, and Billing

For the purposes of the October 16, 2002, SBC Ameritech Indiana Performance Assurance and Remedy Plan, the following requirements shall apply to proposed (new) PM 124.1:

Measurement Type:

Tier 1 – Medium

Tier 2 – Medium

Benchmark:

98%

Applicable OSS: Pre-Ordering, Ordering, Provisioning, Maintenance & Repair, and Billing

SBC Ameritech Indiana Performance Assurance And Remedy Plan

For the purposes of the Commission's October 16, 2002, version of the SBC Ameritech Indiana Performance Assurance and Remedy Plan, the Commission finds that the Michigan version of Appendix 3 (08-07-01) should be adopted, subject to further review and possible referral to the six-month review for further discussion.

SBC Ameritech Indiana Performance Assurance And Remedy Plan**Ameritech - Planned OSS, Network, Product, Service, or Account Mgmt. Changes or Implementations Form**

This form is to be used to communicate to CLECs, regulators, and state consumer advocates certain planned implementations or changes to SBC/Ameritech's OSS interfaces, legacy systems or databases, network, product or service offerings, as well as any solutions or requirements initiated by the SBC/Ameritech account management group that *may affect* certain business rules, performance measure or penalty calculation methodologies or processes; retention of raw/ source/untransformed data or transformed/processed data; final reported performance or penalty results; or performance measure or penalty reporting process. The completed form should be posted to the CLEC Online web site and distributed via an accessible letter, ## days prior to the new implementation or the change. As more information about the particular new implementation or change becomes available, this form should be updated. The updated form should also be posted to the CLEC Online web site and distributed via an accessible letter, immediately.

*Please answer all questions outlined below. If a question is not applicable, please put an n/a next to the question. Please **do not** leave any questions blank.*

Today's
Date:

Performance
Measure(s) Affected by
the New
Implementation or
Change:

Accessible Letter(s) or other relevant documentation on the new implementation(s) or other change(s):			
Accessible Letter or other documentation	Title	Publication Date	
1. Please identify the OSS interface, network component, product, service, or account management requirement or solution that is being implemented or that is changing. In addition, please indicate whether this is a new implementation or a change. Please place an X by the appropriate response.	OSS interface		
	New Implementation		
	Change		
	Network component		
	New Implementation		

	Acc. Mgmt.	
	New Implementation	
	Change	
2. Identify the implementation or change date(s).	Illinois _____ Indiana _____ Michigan _____ Ohio _____ Wisconsin _____	
3. Briefly describe the new implementation or the change identified in Section 1.		
4. If this is a new implementation list any systems, OSS interfaces, network components, hardware, or software that are being replaced as a result of the new system.		
5. List the performance measure(s) affected by this new implementation or change.		
6. Briefly describe how this new implementation or change affects business rule(s) for each affected performance measure.		
7. List all of the databases and data storage or retention systems for both performance and penalty data that are affected by the new implementation or change. The		

performance and penalty data, as originally reported and as restated.	
9. List all the PM and penalty transformation, calculation, and reporting systems that are affected by this change.	
10. Briefly describe how this new implementation or change affects performance measure or penalty calculation methodology(ies)	
11. Briefly describe how this new implementation or change affects <i>the</i> performance measure or penalty reporting process(es).	
12. Identify the date(s) when updated performance measure specific documentation required to calculate the measure or the associated penalty(ies) will be available.	
13. Identify the date(s) when updated performance measure specific documentation required to report the performance measure or penalty results will be available.	

Opt-in Notification Form
SBC Ameritech Indiana Performance Assurance and Remedy Plan

By completing this form, CLEC hereby elects for its relationship with SBC Ameritech to be subject to and governed by the SBC Ameritech Indiana Performance Assurance and Remedy Plan ("Plan") as adopted and modified by the Indiana Utility Regulatory Commission ("IURC") in Cause No. 41657. By executing this form, CLEC may waive certain rights that it has under current interconnection agreements pursuant to section 2.1 of the Plan. Additionally, CLEC agrees that the Plan is subject to modification by the IURC.

Pursuant to the terms of the Plan, notice of CLEC intent to opt into the Plan should be provided to the following (or their respective designees):

Director of Telecommunications
Indiana Utility Regulatory Commission
302 West Washington Street
Suite E 306
Indianapolis, Indiana 46204
Fax (317) 233-1981

SBC/Ameritech
Long Distance Compliance
13075 Manchester Road
Room 200
Des Peres, Missouri 63131
Fax (314) 957-2595

OPT-IN Designation

Company Name (CLEC) _____ **Opts into the Indiana Performance Assurance and Remedy Plan.**

☐ **YES**

☐ **NO**

All payments shall be made by check unless the CLEC specifies a different form of payment. Submission of this form neither proves nor guarantees that payments are due to the CLEC.

CLEC Legal Name and d/b/a	
Street Address	
City / State / Zip Code	
Contact Name	
Contact Phone	

The person signing this form represents and warrants that the information provided on this form is complete and accurate and that he/she is authorized by the CLEC identified on the form to provide such information.

Signed by: _____ Date: _____

Print Name: _____

Title: _____

For Official IURC Use

Telecommunications Division Receipt Date – Stamp:
Opt-In Effective Date (20 Calendar Days from Receipt Date):
Currently Effective Interconnection Agreement Cause Number:

SBC Ameritech Indiana Performance Assurance And Remedy Plan**ANNUAL, MONTHLY, and CLEC-SPECIFIC PROCEDURAL TRIGGERS****1. Annual Procedural Trigger**

The annual procedural trigger that would have been applied during calendar year 2002, based upon 2001 ARMIS data and IURC staff calculations thereupon, is \$109,606,000, which is equal to 36% of Ameritech Indiana's net return, based upon data SBC/Ameritech has provided to the FCC and IURC Staff calculations on those data. The calculation methodology is described in the FCC's Bell Atlantic – New York 271 Order. Ameritech Indiana-specific data and calculations are shown in Appendix 6-B to the SBC Ameritech Indiana Performance Assurance and Remedy Plan.

The maximum aggregate procedural trigger for the remaining months of 2002 (November and December) is \$18,267,667 [$\$109,606,000 \div 6$].

2. Monthly Procedural Trigger

The maximum monthly procedural trigger for each of the remaining months of calendar year 2002 (November and December), is also \$18,267,667 [the current annual procedural trigger of $\$109,606,000 \div 6$].

3. Ameritech-Initiated EDR Proceedings

The minimum CLEC-specific procedural trigger that could trigger an Ameritech-initiated show cause proceedings in each of the remaining months of calendar year 2002 (November and December), is \$2.28 Million [approximately 12.5% of the monthly procedural trigger].

4. CLEC-Initiated EDR Proceedings

The maximum CLEC-specific procedural trigger that could trigger a CLEC-initiated EDR request in each of the remaining months of calendar year 2002 (November and December), is \$767,000 [approximately 4.2% of the monthly procedural trigger].

SBC Ameritech Indiana - Performance Assurance and Remedy Plan

Calculation of Annual Procedural Trigger (36% of Net Return)

ARMIS 43-01: Table I. Cost and Revenue Table - 2001

Year	Company Name	Row_#	Row_Title	Subject_to_Separations_f	State_g	Interstate
2001	Indiana Bell	1090	Total Operating Revenues	\$1,272,317	\$926,714	\$345,6
2001	Indiana Bell	1190	Total Operating Expenses	\$692,814	\$528,567	\$165,7
2001	Indiana Bell	1290	Other Operating Income/Losses	\$277	\$204	\$
2001	Indiana Bell	1390	Total Non-operating Items (Exp)	\$62,606	\$63,076	-\$4
2001	Indiana Bell	1490	Total Other Taxes	\$62,280	\$45,684	\$16,5
2001	Indiana Bell	1590	Federal Income Taxes (Exp)	\$149,480	\$95,435	\$53,5
2001	Indiana Bell	1915	Net Return	N/A	\$194,156	\$110,3

FCC website: <http://www.fcc.gov/ccb/armis/db/> (except for shaded areas)

Data in shaded areas are IURC staff calculations from ARMIS table data. Net Return for Column (h) is reported by Net Return for Column (g) is calculated by subtracting the operating expenses, nonoperating items and all taxes all to the intrastate jurisdiction from the intrastate operating revenues and other operating income.

[FCC Bell Atlantic New York 271 Order, at Paragraph 436 & footnote 1332.]

Thus, Net Return for Column (g) is calculated by adding rows 1090 and 1290 and subtracting rows 1190, 1390, 1490

(Row 1090 + Row 1290) - (Row 1190 + Row 1390 + Row 1490 + Row 1590)

Total Net Return is calculated by adding the State and Interstate net return figures shown for Row 1915.